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Corporate Profile

Goodtop Tin International Holdings Limited (the "Company") and its subsidiaries (the "Group") are engaged in the production, exploitation and exploration of metal tin. The Company holds 41% interest in the tin mine project in Tasmania, Australia which comprises of the Renison underground mine, concentrator and infrastructure, the Mount Bischoff open pit tin mining project and the Rentails tailing processing project. The Group is a major tin producer in the world producing approximately 2.5% of the global supply of tin from its Mt Bischoff and Renison mines and processing plant.

The headquarters of the Company are based in Hong Kong and our tin mine projects are located in Tasmania, Australia.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Xie Hai Yu *(Chairman)*
Mr. Cheng Hau Yan *(Deputy Chairman)*
Mr. Cheung Wai Kuen

Independent Non-executive Directors

Mr. Poon Fuk Chuen
Mr. Liu Feng
Mr. Zhong Wei Guang

BOARD COMMITTEES

Audit Committee

Mr. Poon Fuk Chuen *(Chairman)*
Mr. Liu Feng
Mr. Zhong Wei Guang

Remuneration Committee

Mr. Liu Feng *(Chairman)*
Mr. Cheng Hau Yan
Mr. Poon Fuk Chuen

Nomination Committee

Mr. Zhong Wei Guang *(Chairman)*
Mr. Liu Feng
Mr. Cheung Wai Kuen

COMPANY SECRETARY

Mr. Fu Wing Kwok Ewing

AUTHORISED REPRESENTATIVES

Mr. Cheng Hau Yan
Mr. Fu Wing Kwok Ewing

PRINCIPAL BANKERS

In Hong Kong
The Hongkong and Shanghai Banking Corporation Limited

In China
Guangdong Development Bank

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2607, 26th Floor
Greenfield Tower
Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui, Kowloon
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
Grand Cayman
KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

COMPANY WEBSITE

www.goodtoptin.com

STOCK CODE

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Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report of Goodtop Tin International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011.

The year under review was full of opportunities and challenges for the Group. On 4 March 2011, the Company formally make its presence into the non-ferrous metal industry by completing the acquisition (the "Acquisition") of the entire interest in Parksong Mining and Resource Recycling Limited ("Parksong Mining") which holds 41% interest in the tin mine project in Tasmania, Australia (the "Tin Mine Project"). The Tin Mine Project comprises of Renison underground mine, the Mount Bischoff open pit tin mining project and the Rentails tailing processing project. Renison underground mine has been one of the major hard rock tin mines in the world and the largest tin mine in Australia. Having completed the Acquisition, the Group has become a major tin producer in the world with its 41% interest in Renison underground mine and Mount Bischoff open pit mine producing approximately 2.5% of the global supply of tin.

During the year, the global economic environment became complicated. The global economy rebounded in the first half of the year and the tin price reached a record high of USD33,255 per tonne in April. However, Eurozone sovereignty debt crisis, among other problems, hammered the global economic recovery in the second half of the year and the tin price consequently took a sharp turn and dropped back. Although the tin price had managed a couple of bounce-backs, it closed at around USD18,950 per tonne at the end of the year. The Renison underground mine also performed below expectations during the year with a decline in production in the second quarter due to lower grade areas being mined and delays in access to higher grade development and stopping areas in the newly dewatered Ren-North decline. Mine productivity was also affected by poor contractor performance, equipment availability and their consequential impacts on bringing high grade stopping areas on line. Due to the aforesaid factors, substantial impairment losses on the Tin Mine Project's 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. Nevertheless, such impairment losses were non-operating with no cash flow impact to the Group.

In view of the circumstances, the Group is working closely with the mining contractor with the focus on improving productivity in the underground mine. The delayed mining areas from the Ren-North decline and the Upper Federal will be accessed soon. The newly accessed Area 4 is scheduled for first ore development in April 2012. Assessing these areas will provide additional production flexibility from the underground mine and improve the overall mine grades. The management of the Group is confident the performance of Tin Mine Project will improve and result in the improvement in the overall profitability of the Group.

On behalf of the Board, I would like to express my sincere gratitude to management, staff of all levels for their dedication and contributions in the past year. I would also like to express my appreciation to our customers, suppliers, business partners and shareholders for their continuous supports.

Xie Hai Yu
Chairman

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 41% 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) ("PRC Yunnan Tin") 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 30 December 2011, the financial year end of the Company, were USD31,905 and USD18,950 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.

Management Discussion and Analysis

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 other gains 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.

Management Discussion and Analysis

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 46 to this report, 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).

Management Discussion and Analysis

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 HK$'000	1.1.2010 to 31.12.2010 HK$'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 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.

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.

Management Discussion and Analysis

ESTIMATED TIN RESERVES AND RESOURCES

During 2011, an extensive exploration and resource development drilling campaign targeting both surface and underground targets was conducted over Renison. As of 31 December 2011, the JORC-compliant resources and reserves of Renison are categorized as follows:

Upgraded Resource and Reserve Estimates for Renison as at 31 December 2011

Category	Tonnage (kt)	Grade % Sn	Contained Sn (t)
Resources			
Measured	1,022	2.06	21,106
Indicated	4,898	1.47	72,025
Inferred	3,014	1.67	50,419
Total	8,934	1.61	143,550
Reserve			
Proven	474	1.58	7,486
Probable	2,314	1.39	32,227
Total	2,788	1.42	39,713

The latest resource and reserve estimates for Renison, Mount Bischoff and Rentails are summarized as follows:

Total Resource and Reserve Estimates as at 31 December 2011

Category	Tonnage (Mt)	Grade % Sn	Contained Sn (t)
Resources			
Renison	8.9	1.61	143,549
Mount Bischoff	1.7	0.54	8,981
Rentails	20.0	0.45	88,682
Total	30.6	0.79	241,212
Reserves			
Renison	2.8	1.42	39,713
Mount Bischoff	0	0	0
Rentails	19.0	0.44	84,641
Total	21.8	0.57	124,354

Management Discussion and Analysis

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 has 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 ("Mr. Chan"). As alleged by Mr. Chan in the First Statement of Claim, GPL and the Company has failed to make payment of AUD15,143,422.44, being the alleged amount of receivables payables to Mr. Chan 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.

Both GPL and the Company stated in their Defence and Counterclaim dated 11 October 2011 that due to the facts of (1) Mr. Chan has prepared 3 sets of documents which showed a conflicting picture as to who is the owner of an advanced sum of AUD16.3 million to Yunnan Tin HK, a company which was owned by Parksong Mining and PRC Yunnan Tin before the completion of the Agreements; (2) Mr. Chan has caused YT Parksong Australia, subsidiary of HK Yunnan Tin, to enter into two agreements with another company called Yunnan Tin Australia TDK Resources Pty Ltd. without the consent of GPL; and (3) the under production of contained tin in concentrate from the mine in Australia, which breached the respective terms and/or warranties in the Agreements, GPL has suffered loss and damages. GPL and the Company therefore claimed that they are not liable to make the payment of the said sum of AUD15,143,422.44 to Mr. Chan. GPL further counterclaimed Mr. Chan for the sums of AUD1,048,847.18, AUD16,300,000, AUD8,505,000, USD2,059,897 and damages etc in the Defence and Counterclaim.

Save and except that Mr. Chan has admitted in his Reply and Defence to Counterclaim dated 9 December 2011 that the third set of documents as pleaded in the Company's Defence and Counterclaim reflected the correct position and understanding of Mr. Chan, GPL and the Company in making the SPA, Mr. Chan has denied all the counterclaims made by GPL in the Defence and Counterclaim.

The Pleading have already been closed and the case is now pending mediation. Hearing of the Case Management Summons has been fixed to be heard on 23 April 2012.

HCMP 2590/2011 and HCA2184/2011

The Company issued to Mr. Chan 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 HCA1357/2011 above.

On 10 November 2011, the Mr. Chan 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 Mr. Chan when Mr. Chan tried to exercise his conversion right in relation to the Convertible Bond certificates nos. 59 ad 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.

Management Discussion and Analysis

On 22 December 2011, Mr. Chan has issued a Writ of Summons with claim endorsed against the Company under HCA2184/2011 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 Mr. Chan 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, being the equivalent amount under Convertible Bond certificates no.59 and 60, to Mr. Chan on 14 February 2012.

Subsequently, Mr. Chan issued a Summons for an application for summary judgment of the proceedings against the Company on 23 February 2012. No hearing date of the Summons has been fixed yet.

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.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. XIE Hai Yu (謝海榆), aged 47, graduated from South China University of Technology majoring in Industrial Management Engineering in Guangdong Province, the PRC, and completed the study of EMBA programme from Sun Yat-sen University in Guangzhou in 2001. He joined the Company in November 2011. From 1983, Mr. Xie organized and participated in the construction and management of various domestic projects, including the engineering construction projects of large scale naval ports, airports and barracks. Mr. Xie has over 28 years of experience in engineering construction and management field. Currently, Mr. Xie serves as the chairman of the board of a property development corporation in the PRC, business of which covers more than 10 cities and regions including Guangzhou, Foshan, Zhengzhou, Changsha, Nanning, Qingdao, Guiyang and Haikou. Mr. Xie has over 19 years of experience in property development and corporate management. Mr. Xie is the Chairman and Executive Director of SMI Publishing Group Limited (Stock Code: 8010) which is listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

Mr. CHEUNG Wai Kuen (張偉權), aged 38, is an Executive Director of the Company. Mr. Cheung has established a number of enterprises in various industries in the PRC since 1997, including property investment, hospital and trading business. He has over 10 years of experience in capital management and corporate management. He was appointed an Executive Director of the Company on 4 December 2009.

Mr. CHENG Hau Yan (鄭孝仁), aged 65, is an Executive Director of the Company. Mr. Cheng was the deputy division chief of the Finance and Planning Division of Yunnan Provincial Geology and Mining Bureau from October 1984 to March 1986, and deputy Director of the Economic Commission of Kunming for the period from April 1986 to April 1988. From May 1988 to 1996, he was the president of the Yunnan Branch of Bank of Communications. Mr. Cheng was an Executive Director of Yunnan Enterprises Holdings Limited (SEHK: 455) from April 1998 to March 2006, and west China regional Director of the Chinese Estates Holdings Limited (SEHK: 127) from 2006 to 2010. Mr. Cheng obtained a master of business administration degree from the Shanghai Jiao Tong University in 1983. He was appointed an Independent Non-executive Director of the Company on 23 December 2009 and re-designated as Executive Director on 20 December 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. POON Fuk Chuen (潘福全), aged 50, joined the Group in January 2011. He is the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Poon graduated in the United Kingdom and got qualified as a Public Accountant with PricewaterhouseCoopers in Hong Kong. Mr. Poon has over 14 years of auditing and corporate finance experience before leaving the auditing professional to join corporations in 2000. Mr. Poon is a Certified Public Accountant and is currently the Chief Financial Officer of Lifestyle International Holdings Limited, a listed Company.

Mr. LIU Feng (劉烽), aged 49, is an Independent Non-executive Director of the Company. Mr. Liu has over 30 years experience in the banking and financial industries. He held the posts of section chief and deputy governor of Foshan Commercial Bank from 1997 to 2003, and Deputy General Manager of Shenzhen Lixin Guarangy Co., Limited since September 2009. From 1999 to 2003, he held the positions of Director and senior management in various investment companies. Mr. Liu was appointed an Independent Non-executive Director of the Company on 20 December 2010.

Mr. ZHONG Wei Guang (鍾偉光), aged 44, is an Independent Non-executive Director of the Company. Mr. Zhong serves as Guangdong Province Huizhou committee member of the Chinese People's Political Consultative Conference and Vice Chairman of the Huizhou City Chamber of Commerce. Mr. Zhong has over 20 years of experience in PRC business. He is also a general manager of Huizhou Peng Feng Group. Mr. Zhong was appointed an Independent Non-executive Director of the Company on 23 December 2009.

Directors and Senior Management

SENIOR MANAGEMENT

Mr. PU Xiao Dong (蒲曉東), aged 43, is the Chief Executive Officer. Mr. Pu joined the Company in February 2012. He is principally responsible for the overall strategic planning of the Group. He holds a master of business administration degree from La Trobe University, Australia. Mr. Pu has over 15 years' experience in management and business development. Before joining the Company, Mr. Pu was the chief executive officer of Xiamen Prosolar Real Estate Co., Ltd. (Stock Code: 600193), a company listed on the Shanghai Stock Exchange, for 4 years.

Mr. FU Wing Kwok, Ewing (傅榮國), aged 43, is the Chief Financial Officer and Company Secretary. He is responsible for the financial and secretarial affairs of the Group. Mr. Fu joined the Company in January 2010. He holds a bachelor degree in science with major in accounting of Bemidji State University, USA and is a member of both American Institute of Certified Public Accountants and Hong Kong Institute of Certified Public Accountants. He has over 18 years of experience in auditing and accounting field.

Corporate Governance Report

Goodtop Tin International Limited (the "Company") puts great emphasis on corporate governance and is committed to maintaining the high standard of corporate governance which is reviewed and strengthened on a continued basis. The board of directors (the "Board") of the Company maintains and enhances the policies and practices of the Company in a timely, transparent, effective and responsible manner, so as to maintain good, solid and reasonable corporate governance.

The Company has adopted all the provisions under the "Code on Corporate Governance Practice" (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practice. For the year ended 31 December 2011, the Company has complied with all provision under the Code.

GOVERNANCE STRUCTURE

The Company's corporate governance structure includes the Board and three committees under the Board, namely audit committee, remuneration committee and nomination committee. The Board stipulates the terms of reference of all committees in writing and specifies clearly the power and responsibilities of the committees.

BOARD MEMBERS

The Board comprises six directors, including three executive directors who have extensive experiences in the Company's business, and three independent non-executive directors ("INEDs") who possess appropriate professional qualifications.

Executive Directors

Mr. Xie Hai Yu *(Chairman)*
Mr. Cheng Hau Yan *(Deputy Chairman)*
Mr. Cheung Wai Kuen

Independent Non-executive Directors

Mr. Poon Fuk Chuen
Mr. Zhong Wei Guang
Mr. Liu Feng

All INEDs of the Company have complied with the requirements of the Listing Rules and have presented annual confirmations of the independence issued pursuant to Rule 3.13 of the Listing Rules to the Company. The Board has assessed their independence and confirms that all INEDs are independent parties as defined in the Listing Rules. The terms of office of Mr. Poon Fuk Chuen, Mr. Zhong Wei Guang and Mr. Liu Feng are for one year until 19 January 2013, 22 December 2012 and 9 December 2012 respectively. They are subject to the retirement and re-election requirements of the articles of association of the Company.

Individual information and responsibilities of all directors are contained in this annual report on pages 12 to 13.

There are no business, financial, family and other relevant interests among directors.

Corporate Governance Report

THE OPERATION OF THE BOARD

The Board is principally responsible for establishing the development direction of the Group, formulating targets and business development plans, approving major agreements and matters, monitoring the performance of senior management and is responsible for corporate governance with a view to increasing shareholders' value. Led by the Chief Executive Officer, the management is responsible for implementing the strategies and plans developed by the Board.

The Company has developed a schedule of matters reserved to the Board for its decision and has separately identified those functions reserved to the Board. The Board will review those arrangements on a regular basis to ensure that the arrangements meet the needs of the Company.

The Board convenes at least four regular meetings each year (approximately one each quarter) and will convene meetings when necessary. When a regular board meeting is convened, the Board documents will be sent to directors for review before the meeting pursuant to the Listing Rules and the code provisions so that directors can keep abreast of the information to perform their duties and responsibilities. All members of the Board have actively participated in the Company's Board meetings to discuss the overall strategy and business of the Group. The Board convened 16 meetings in 2011. The attendance of directors is as follows:

Name of Directors		Attendance
Executive Directors		
Mr. Xie Hai Yu *(Chairman)*	(appointed on 29 November 2011)	0/16
Mr. Cheng Hau Yan *(Deputy Chairman)*		14/16
Mr. Cheung Wai Kuen		14/16
Mr. Leung Chau Hiu	(resigned on 1 April 2011)	0/16
Mr. Chen Liang	(resigned on 1 August 2011)	5/16
Mr. Li Xiang Hong	(resigned on 1 April 2011)	0/16
Mr. Leung Kai Wing	(resigned on 18 January 2012)	1/16
Mr. Cheng Pak Lung	(resigned on 20 January 2011)	0/16
Independent Non-executive Directors		
Mr. Poon Fuk Chuen	(appointed on 20 January 2011)	4/16
Mr. Zhong Wei Guang		7/16
Mr. Liu Feng		8/16
Mr. Wong Hing Tat	(resigned on 20 January 2011)	0/16

The remuneration of directors is determined with reference to their functions and responsibilities in the Company, the performance of the Company and current market conditions. Any director is not allowed to participate in determining his own remuneration. The remuneration received by directors from the Group during the year is set out in note 12 to the consolidated financial statements.

The Board has set up an independent professional consulting procedure and upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Corporate Governance Report

ROLES AND DUTIES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the Chief Executive Officer have different roles. The Chairman is responsible for the operation of the Board and the Chief Executive Officer is responsible for managing the operations of the Group. Their functions have been clearly divided to ensure a balanced distribution of power and authority not concentrating on a single individual.

During the year, Mr. Leung Chau Hiu resigned as the Chairman on 1 April 2011. Mr. Cheng Hau Yan was appointed as the Chairman on 1 April 2011 and re-designated to the Deputy Chairman of the Company on 29 November 2011. Mr. Xie Hai Yu was appointed as the Chairman on 29 November 2011. Mr. Leung Kai Wing resigned as the Chief Executive Officer on 18 January 2012 and Mr. Pu Xiao Dong was appointed as the Chief Executive Officer on 16 February 2012.

The Chairman of the Board is principally responsible for leading the Board and ensures the Board acts in the best interests of the Company. The Chairman shall ensure the Board operates effectively and performs its proper duties and discusses all important and proper matters in a timely manner.

The Chairman is responsible for convening board meetings, consulting, determining and approving the agenda of each board meeting, and ensuring that directors are provided sufficient information on current matters in a timely manner. The Chairman is also responsible for the reviewing structure, number of members and composition of the Board on a regular basis and makes recommendations to the Board on any intended changes. The Chairman is also responsible for ensuring that the Company formulates good corporate governance practice and procedure.

The Chief Executive Officer is principally responsible for the daily operation and management of the Group's overall operations and implementing the Board's operating strategy and policy and delegating tasks to all departments for implementation so as to realize the Board's objectives and decisions. In addition, he is also responsible for coordinating close cooperation among all departments, uniting efforts of staff and encouraging the initiative of staff so as to ensure smooth and effective operation of the Company's operations and systems.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules of The Stock Exchange of Hong Kong Limited as the code of conduct regarding securities transactions by directors. On specific enquiries made, all directors have confirmed that, in respect of the year ended 31 December 2011, they have complied with the required standard as set out in the Model Code.

AUDIT COMMITTEE

The audit committee comprises three INEDs with extensive experience in accounting or legal matters. The audit committee is mainly responsible for reviewing the financial statements and annual reports and accounts of the Company, submitting relevant reports and recommendations to the Board, and making recommendations on the appointment and remuneration of the auditors of the Company (the "Auditors") and any matters related to the termination of appointment of the Auditors. Mr. Poon Fuk Chuen is the chairman of the audit committee and is responsible for reporting the meeting results and recommendations of the audit committee to the Board after each meeting.

In 2011, the audit committee convened two meetings. Members and their attendance are as follows:

Name of Members	Attendance
Mr. Poon Fuk Chuen *(Chairman of audit committee)*	2/2
Mr. Zhong Wei Guang	2/2
Mr. Liu Feng	2/2

Tasks undertaken by the audit committee during the year included reviewing the 2011 audited financial statements, annual report and the annual results announcement, reviewing the interim report for the six months ended 30 June 2011 and the interim results announcement, considering the accounting standards adopted, overseeing the financial control, internal control and risk management system, reviewing the management letter about audit submitted by the auditors to the management and the response of the management, the basis of opinion made by the auditors in their report.

REMUNERATION COMMITTEE

The remuneration committee comprises two INEDs and one executive director. The remuneration committee is principally responsible for reviewing and approving remuneration plans for directors and senior management, determining the remuneration package of executive directors and senior management, including benefits, pension interests and the payment of compensation. Mr. Liu Feng is the chairman of the remuneration committee and is responsible for reporting the meeting results and recommendations of the remuneration committee to the board after each meeting.

In 2011, the remuneration committee convened two meeting. Members and their attendance are as follows:

Name of Members	Attendance
Mr. Liu Feng *(Chairman of remuneration committee)*	2/2
Mr. Leung Kai Wing	1/2
Mr. Poon Fuk Chuen	1/2

Tasks undertaken by the remuneration committee during the year included reviewing the emoluments of the Group, determining the emoluments of the executive directors and senior management and considering the incentive payment for the year ended 2011 and making recommendations to the Board. The remuneration committee also ensured that no director or senior management member determined his own remuneration.

The remuneration policy of the Group is to determine the remuneration based on the responsibilities, qualifications and working performance of staff (including directors). In addition, the Group has adopted the share option scheme on 21 October 2008.

Corporate Governance Report

NOMINATION COMMITTEE

Pursuant to the articles of association of the Company, the Board is entitle to appoint any person as directors from time to time or at any time to fill a casual vacancy or add a new Board member. For nomination, the nominee's qualifications, capabilities and potential to make contribution to the Company shall be taken into consideration. During the year, the Company did not establish the nomination committee. On 30 March 2012, the nomination committee was established. Mr. Cheung Wai Kuen, being executive director, Mr. Liu Feng and Mr. Zhong Wei Guang, both being INEDs, were appointed as members of the nomination committee and Mr. Zhong Wei Guang was appointed as the chairman of the nomination committee. The nomination committee is responsible for the recommendations of the appointments, re-elections and retirement of directors.

INTERNAL CONTROL

The Board is responsible for maintaining a stable and effective internal control system for the Group. The system includes a management structure with terms of reference to protect its assets from misappropriation, and ensures keeping appropriate accounting records so as to provide reliable financial information for internal use or for dissemination, as well as ensuring compliance with the laws and regulations. The system aims at providing reasonable (but not absolute) guarantees for the prevention of material untrue statements or losses, as well as management on the interruption of the Group's management system and risks existing in the course of arriving at the Group's objectives.

The management of the Group has reviewed whether the Group's internal control and risk management system for the year ended 31 December 2011 were effective, and had submitted the results of the review and its recommendations and opinions for consideration by the audit committee and the Board. The audit committee and the Board have discussed the relevant results of review, and agreed that internal control procedures and risk management systems have been implemented in the various major operation sectors.

ACCOUNTABILITY AND AUDIT

Directors acknowledge their responsibility in preparing financial statements of the Group. The financial department of the Company is managed by a qualified accountant. With the assistance of the financial department, the Board will ensure the preparation of the financial statements of the Group complies with relevant regulations and applicable accounting standards.

In preparing the accounts for the year ended 31 December 2011, the Board has selected suitable accounting policies and have applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgments and estimates that are prudent and reasonable, and has prepared the accounts on the going concern basis.

The statement of reporting responsibility issued by Deloitte Touche Tohmatsu, the Auditors of the Company, in respect of the financial statements of the Group is set out in the independent auditor's report on pages 26 to 27.

AUDITORS' REMUNERATION

The Auditors remuneration in relation to audit amounted to HK$2.2 million (2010: HK$0.9 million). The following remuneration was paid by the Group to its Auditors, Deloitte Touche Tohmatsu:

	2011 HK$'000	2010 HK$'000
Audit services	**2,200**	900
Non-audit services	**80**	1,840
Total	**2,280**	2,740

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of maintaining on-going communication with the shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.

The Chairman of the Board and Chairman of Audit Committee and Remuneration Committee will make themselves available at the annual general meeting to meet shareholders. The Company will ensure that there are separate resolutions for separate issues at general meetings.

The Company will continue to maintain an open and effective investor communication policy and to update investors via the Company's website on relevant information on its business in a timely manner, subject to relevant regulatory requirements.

Directors' Report

The Directors present their annual report and the audited consolidated financial statements of Goodtop Tin International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding Company and provides corporate management services. The activities of the Company's subsidiaries are set out in note 53 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2011 are set out in the consolidated statement of comprehensive income on page 28.

The Directors do not recommend the payment of dividend.

PROPERTY, PLANT AND EQUIPMENT

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

INVESTMENT PROPERTY

Details of the movements in the investment property of the Group during the year are set out in note 19 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 38 to the consolidated financial statements.

SHARE OPTION SCHEME

Particulars of the Company's share option scheme are set out in note 49 to the consolidated financial statements.

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.

Directors' Report

DISTRIBUTABLE RESERVE OF THE COMPANY

As at 31 December 2011, the Company's reserves available for distribution to shareholders were as follows:

	HK$'000
Share premium	389,589
Accumulated losses	(509,873)
	(120,284)

Under the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which any dividend is proposed to be distributed, the Company will be able to pay its debts as they fall due in the ordinary course of business.

BORROWINGS

Bank borrowings repayable within one year or with a clause that gives the lender the unconditional right to call the loans at any time are classified under current liabilities. Details of borrowings are set out in note 35 to the consolidated financial statements.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. Xie Hai Yu	(appointed on 29 November 2011)
Mr. Cheng Hau Yan	
Mr. Cheung Wai Kuen	
Mr. Leung Chau Hiu	(resigned on 1 April 2011)
Mr. Leung Kai Wing	(resigned on 18 January 2012)
Mr. Chen Liang	(resigned on 1 August 2011)
Mr. Li Xiang Hong	(resigned on 1 April 2011)
Mr. Cheng Pak Lung	(resigned on 20 January 2011)

Independent Non-executive Directors:

Mr. Zhong Wei Guang	
Mr. Liu Feng	
Mr. Poon Fuk Chuen	(appointed on 20 January 2011)
Mr. Wong Hing Tat	(resigned on 20 January 2011)

In accordance with the provisions of the Company's articles of association, Mr. Xie Hai Yu, Mr. Cheung Wai Kuen will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' Report

DIRECTORS' SERVICE CONTRACTS

Mr. Cheng Hau Yan has renewed his service contract with the Company for a term of one year commencing from 10 December 2011 and the service contract is renewable by mutual agreement on annual basis.

Mr. Zhong Wei Guang and Mr. Poon Fuk Chuen and Mr. Liu Feng have renewed their service contracts with the Company for a term of one year commencing from 23 December 2011, 20 January 2012 and 10 December 2011 respectively and the service contracts are renewable by mutual agreement on annual basis.

Other than as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 December 2011, the interests of the Directors and the Chief Executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") are as follows:

Long position in ordinary shares of HK$0.005 each of the Company ("Shares")

		Number of shares held		
Name of Director	Nature of interest	Long Position	Short Position	Percentage of shareholding %
Xie Hai Yu	Personal	548,610,000	—	19.05
Cheung Wai Kuen	Corporate	560,000,000 (Note)	—	19.44

Note: Mr. Cheng Wai Kuen's interest in the Company is held through Wright Source Limited.

Save as disclosed above, as at 31 December 2011, none of the Directors or Chief Executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Report

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2011, the following persons (not being a Director or a Chief Executive of the Company) have interests in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Long position in Shares

Name of shareholder	Number of shares held/Approximate shareholding percentage Long Position	%	Short Position	%	Lending Pool	%
Xie Hai Yu	548,610,000	19.05	—	—	—	—
Wright Source Limited	560,000,000 (Note 1)	19.44	—	—	—	—
Chan Kon Fung (Note 2)	417,006,803	14.48	272,108,843	—	—	—

Notes:

1. Wright Source Limited is wholly owned by Mr. Cheung Wai Kuen.

2. The 417,006,803 Shares in long position include 406,190,477 Shares issuable upon the full conversion of an issued convertible bond of the Company and 22,448,979 Shares issuable upon the full conversion of the convertible bond of the Company which the Company has agreed to issue but has not yet issued, and 272,108,843 Shares in short position are beneficially owned by Chan Kon Fung as personal interest.

Saved as disclosed above, the register required to be kept under section 336 of the SFO shows that as at 31 December 2011, the Company had not been notified of any other person who had an interest or short position in the shares and underlying shares of the Company.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

NON-COMPETITION UNDERTAKING

During the year, none of the Directors, the management shareholders or substantial shareholders of the Company or their respective associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) had any interest in a business which competed with or might compete with the business of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the Group's largest customer and supplier accounted for around 100% of the total sales and purchases for the year, respectively.

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers or suppliers.

Directors' Report

CONNECTED TRANSACTIONS

On 25 March 2011, a framework agreement (the "Framework Agreement") was entered into between YT Parksong Australia Holding PTY Ltd ("YT Parksong Australia"), a non-wholly owned subsidiary of the Company, and the Yunnan Tin Australia TDK Resources PTY Ltd. ("YT TDK"), a wholly owned subsidiary of the Yunnan Tin Group (Holding) Co., Ltd. ("PRC Yunnan Tin"), pursuant to which YT Parksong Australia agreed to supply and the YT TDK agreed to buy tin concentrates for the period from April 2011 to December 2013. According to the announcement of the Company dated 4 March 2011, the Company successfully acquired the entire equity interest in Parksong Mining and Resource Recycling Limited, which holds an equity interest of 82% in Yunnan Tin Hong Kong (Holdings) Group Co., Limited ("Yunnan Tin HK"), which in turn wholly owns the YT Parksong Australia. Consequently, both Yunnan Tin HK and YT Parksong Australia have become non-wholly owned subsidiaries of the Company. In view that Yunnan Tin PRC (i) owns YT TDK; and (ii) is the substantial shareholder of Yunnan Tin HK, YT TDK is the connected persons of the Company. Therefore, the transactions contemplated under the Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

EMOLUMENT POLICY

The Group mainly determines staff remuneration in accordance with market terms and individual qualifications.

The emoluments of the Directors of the Company will be decided by the remuneration committee having regard to the Group's operating results, individual performance and comparable market statistics.

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

RETIREMENT BENEFIT SCHEMES

Other than operating a Hong Kong Mandatory Provident Fund Scheme and participating in the state-managed retirement benefit scheme in Australia and the People's Republic of China, the Group has not operated any other retirement benefit schemes for the Group's employees. Particulars of the retirement benefit schemes are set out in note 47 to the consolidated financial statements.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to Listing Rules during the year ended 31 December 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors of the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2011.

Directors' Report

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

AUDIT COMMITTEE

The audit committee meets with the Group's senior management and external auditors regularly to review the effectiveness of the internal control systems and the interim and annual reports of the Group and reports directly to the board of Directors of the Company.

The Group's consolidated financial statements for the year ended 31 December 2011 have been reviewed by the audit committee of the Company, who are of the opinion that such statements comply with the applicable accounting standards and legal requirements, and that adequate disclosures have been made.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules during the year ended 31 December 2011.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 51 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Xie Hai Yu
Director
30 March 2012

Deloitte.
德勤

TO THE MEMBERS OF GOODTOP TIN INTERNATIONAL HOLDINGS LIMITED
(FORMERLY KNOWN AS VITAR INTERNATIONAL HOLDINGS LIMITED
威達國際控股有限公司)
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Goodtop Tin International Holdings Limited (formerly known as Vitar International Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 109, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 March 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	NOTES	2011 HK$'000	2010 HK$'000 (restated)
Continuing operations:			
Revenue	7	**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	9	**(11,234)**	(6,971)
Other gains and losses	10	**(852,291)**	—
Finance costs	11	**(56,250)**	—
Loss before taxation		**(1,087,720)**	(21,995)
Taxation credit	13	**285,841**	—
Loss for the year from continuing operations	14	**(801,879)**	(21,995)
Discontinued operations:			
(Loss) profit for the year from discontinued operations	15	**(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)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	NOTES	2011 HK$'000	2010 HK$'000 (restated)
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)	16	**(25.47)**	(0.47)
From continuing operations:			
Basic (HK cents)		**(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	17	**274,223**	58,086
Prepaid lease payments	18	—	6,364
Intangible assets	20	—	1,061
Mining rights	21	**158,320**	—
Exploration and evaluation assets	22	**331,547**	—
Deposits	23	**16,364**	—
Deferred taxation	39	**34,720**	—
Deposit placed for a life insurance policy	24	—	1,979
Deposit paid for acquisition of a target company		—	280,000
		815,174	347,490
Current assets			
Inventories	25	**18,025**	16,831
Trade receivables	26	**26,313**	53,388
Other receivables, prepayments and deposits		**87,720**	11,911
Prepaid lease payments	18	—	147
Amount due from a related company	27	—	56
Tax recoverable		—	1,483
Held for trading investment	28	**18,574**	—
Derivative financial instruments	29	**92,244**	—
Bank balances and cash	30	**126,083**	118,666
		368,959	202,482
Current liabilities			
Trade payables	31	**39,153**	20,906
Other payables, deposits received and accruals	32	**104,655**	13,693
Financial liabilities at fair value through profit or loss ("FVTPL")	33	**20,400**	—
Amounts due to related companies	34	—	1,513
Amounts due to directors	34	—	2,796
Bank borrowings	35	—	11,032
Obligation under finance leases	36	**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

Consolidated Statement of Financial Position

At 31 December 2011

	NOTES	2011 HK$'000	2010 HK$'000
Capital and reserves			
Share capital	38	**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	39	**123,104**	280
Convertible bonds	37	**361,026**	—
Obligation under finance leases	36	**30,462**	—
Provision for rehabilitation	40	**17,711**	—
		532,303	280
		986,813	498,562

The consolidated financial statements on pages 28 to 109 were approved and authorised for issue by the Board of Directors on 30 March 2012 and are signed on its behalf by:

Xie Hai Yu	**Cheung Wai Kuen**
DIRECTOR	DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Share option reserve HK$'000	Special reserve HK$'000 (note)	Convertible bonds equity reserve HK$'000	Retained profits (Accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2010	10,000	41,574	5,897	—	7,800	—	87,174	152,445	—	152,445
Loss for the year	—	—	—	—	—	—	(12,756)	(12,756)	—	(12,756)
Other comprehensive income for the year	—	—	6,178	—	—	—	—	6,178	—	6,178
Total comprehensive income (expense) for the year	—	—	6,178	—	—	—	(12,756)	(6,578)	—	(6,578)
Issue of shares	4,400	350,600	—	—	—	—	—	355,000	—	355,000
Transaction costs attributable to issue of shares	—	(2,585)	—	—	—	—	—	(2,585)	—	(2,585)
At 31 December 2010	14,400	389,589	12,075	—	7,800	—	74,418	498,282	—	498,282
Loss for the year	—	—	—	—	—	—	(733,490)	(733,490)	(117,850)	(851,340)
Exchange difference arising on translation to presentation currency	—	—	9,588	—	—	—	—	9,588	467	10,055
Release of translation reserve to profit or loss upon disposal of subsidiaries	—	—	(13,999)	—	—	—	—	(13,999)	—	(13,999)
Total comprehensive expense for the year	—	—	(4,411)	—	—	—	(733,490)	(737,901)	(117,383)	(855,284)
Acquisitions of subsidiaries	—	—	—	—	—	—	—	—	164,167	164,167
Recognition of equity component of convertible bonds	—	—	—	—	—	577,214	—	577,214	—	577,214
Recognition of equity settled share-based payments	—	—	—	70,131	—	—	—	70,131	—	70,131
Transfer upon cancellation of share options	—	—	—	(70,131)	—	—	70,131	—	—	—
At 31 December 2011	**14,400**	**389,589**	**7,664**	**—**	**7,800**	**577,214**	**(588,941)**	**407,726**	**46,784**	**454,510**

Note: Special reserve is arisen from the recognition in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited.

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
OPERATING ACTIVITIES		
Loss before taxation		
— continuing operations	**(1,087,720)**	(21,995)
— discontinued operations	**(49,242)**	11,340
	(1,136,962)	(10,655)
Adjustments for:		
Interest income	**(3,116)**	(298)
Interest expense	**56,351**	487
Share-based payment expenses	**70,131**	—
Gain on disposal of property, plant and equipment	**(421)**	(11,167)
Gain on disposal of investment property	**—**	(922)
Fair value change of derivative financial instruments	**121,980**	—
Fair value change of financial liabilities at FVTPL	**(17,400)**	—
Allowance for bad and doubtful debts	**17,583**	3,580
Impairment loss recognised in respect of deposits	**5,618**	—
Allowance for obsolete inventories	**4,615**	6,678
Impairment loss recognised in respect of property, plant and equipment	**48,688**	1,492
Amortisation of mining rights	**86,591**	—
Impairment loss recognised on mining rights	**226,448**	—
Impairment loss recognised on exploration and evaluation assets	**477,059**	—
Depreciation of property, plant and equipment	**59,478**	6,892
Release of prepaid lease payments	**141**	135
Impairment loss recognised on intangible assets	**907**	—
Amortisation of investment property	**—**	31
Loss on disposal of subsidiaries	**26,622**	—
Premium charged on a life insurance policy charged	**—**	35
Adjustment on provision for rehabilitation cost	**(4,345)**	—
Operating cash flows before movements in working capital	**39,968**	(3,712)
Decrease in deposits	**1,127**	—
Decrease (increase) in inventories	**5,322**	(8,432)
Increase in trade receivables	**(45,081)**	(8,932)
Increase in other receivables, prepayments and deposits	**(43,137)**	(3,314)
Increase in held for trading investments	**(18,574)**	—
(Decrease) increase in trade payables	**(12,974)**	5,330
Increase in other payables, deposits received and accruals	**113,365**	6,053
(Decrease) increase in amounts due to related companies	**(897)**	772
(Decrease) increase in amounts due to directors	**(12,829)**	1,630
Cash generated from (used in) operations	**26,290**	(10,605)
Income taxes refunded (paid)	**1,855**	(4,791)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**28,145**	(15,396)

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	NOTES	2011 HK$'000	2010 HK$'000
INVESTING ACTIVITIES			
Interest received		**3,116**	203
Purchase of property, plant and equipment		**(85,870)**	(14,223)
Purchase of intangible assets		**(4,442)**	—
Proceeds from disposal of property, plant and equipment		**5,037**	24,114
Proceeds from disposal of investment property		**—**	7,040
Exploration and evaluation expenditure incurred		**(22,608)**	—
Acquisition of subsidiaries	42	**73,233**	—
Disposal of subsidiaries	43	**34,222**	—
Deposit paid for acquisition of a target company		**—**	(280,000)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**2,688**	(262,866)
FINANCING ACTIVITIES			
Proceeds from issue of shares		**—**	355,000
Transaction costs attributable to issue of shares		**—**	(2,585)
Interest paid		**(4,511)**	(487)
Repayment of obligations under finance leases		**(12,095)**	—
Repayment of borrowings		**(44,536)**	(150,113)
New bank borrowings raised		**37,204**	131,372
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(23,938)**	333,187
NET INCREASE IN CASH AND CASH EQUIVALENTS		**6,895**	54,925
Effect of foreign exchange rate changes		**1,403**	3,761
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**117,785**	59,099
		126,083	117,785
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by			
Bank balances and cash		**126,083**	118,666
Bank overdrafts		**—**	(881)
		126,083	117,785

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. The principal activities of its subsidiaries are set out in note 53.

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$"). The directors of the Company had evaluated the underlying investment activities and strategy of the Company after the disposal of Vitar Insulation Holdings Limited ("Vitar Insulation") in December 2011 and have determined that the functional currency of the Company changed from HK$ to Australia 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 46, the Group is currently involved in two litigations. 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 46, the legal processes are still ongoing and the outcome of these litigations 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 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 as detailed in note 32. 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 realisable 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]
HKFRS 7 (Amendments)	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 (as revised in 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.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using proportionate method of accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time. The directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may not impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may result in more extensive disclosures in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The directors of the Company anticipate that the standard will be adopted in the Group's consolidated financial statements for the annual period ending 31 December 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

HK(IFRIC)-INT 20 Stripping costs in the production phase of a surface mine

HK(IFRIC)-INT 20 "Stripping costs in the production phase of a surface mine" applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). Under the Interpretation, the costs from this waste removal activity ("stripping") which provide improved access to ore is recognised as a non-current asset ("stripping activity asset") when certain criteria are met, whereas the costs of normal ongoing operational stripping activities are accounted for in accordance with HKAS 2 "Inventories". The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

HK(IFRIC)-INT 20 is effective for annual periods beginning on or after 1 January 2013 with transitional provisions. The directors of the Company anticipate that the Interpretation will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. In the opinion of the directors of the Company, it is not practicable to provide reasonable estimate of the effect of application of HK(IRFIC)-INT 20 as stated above until detailed review has been completed.

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

4. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations *(continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets", as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Joint ventures

Jointly controlled assets

When a group entity undertakes its activities under joint venture arrangements directly, constituted as jointly controlled assets, the Group's share of the jointly controlled assets and share of any liabilities incurred jointly with other venturers are recognised in the consolidated financial statements and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis.

Income from the sale or use of the Group's share of the output of the jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transaction will flow to/from the Group and their amount can be measured reliably.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Joint ventures *(continued)*

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a jointly controlled entity recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of a jointly controlled entity that results in the Group losing joint control over that jointly controlled entity, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the jointly controlled entity attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the jointly controlled entity. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that jointly controlled entity on the same basis as would be required if that jointly controlled entity had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income would be reclassified to profit or loss upon the disposal of the related assets or liabilities by that jointly controlled entity, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses joint control over that jointly controlled entity.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income is recognised on a straight-line basis over the term of the relevant lease.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings held for use in the production or supply of goods, or for administrative purposes other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress and mining structures) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production and administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Mining structures (including the main and auxiliary mine shafts, underground tunnels and open-pit platforms) are depreciation using the unit production method based on the actual production volume over the estimated total proven and probable reserves of the ores mine.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Mining rights

Mining rights acquired separately are initially measured at cost. Mining rights are reclassified from exploration and evaluation expenditures at the carrying amount when the technical feasibility and commercial viability of extracting mineral resources are demonstrable. Mining rights with finite useful lives are carried at costs less accumulated amortisation and any identified impairment loss. Amortisation for mining rights with finite useful lives is provided using the unit of production method based on the actual production volume over the estimated total proved and probable reserves of the ores mine.

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less identified impairment loss.

Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial validity of extracting those resources. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation as set may exceed its recoverable amount. An impairment loss is recognised in profit or loss.

When the technical feasibility and commercial viability of extracting natural resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as either mining rights or mining structures based on nature of assets acquired . These assets are assessed for impairment before reclassification.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually. When one of the following events or changes in circumstances, which is not exhaustive, indicate that the carrying amount may not be recoverable has occurred, impairment test is performed in accordance with HKAS 36 "Impairment of assets".

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future.
- substantive expenditure on further exploration for and evaluation of natural resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of natural resources in the specific area have not led to the discovery of commercially viable quantities of natural resources and the Group has decided to discontinue such activities in the specific area.
- sufficient data (such as tin prices) exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

Intangible asset — club membership

Club membership with indefinite life is carried at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of the club membership are measured at the difference between the net disposal proceeds and the carrying amount of the club membership and are recognised in profit or loss in the period when the club membership is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

4. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Leasing *(continued)*

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as expenses on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case in the entire lease is classified as operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as prepaid lease payments in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded at the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (i.e. a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as finance costs in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to state-managed retirement benefit schemes in Australia (Superannuation fund), the People's Republic of China (the "PRC") and the Mandatory Provident Fund Scheme ("MPF Scheme") in Hong Kong are recognised as expenses when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items of income or expense that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss.

Impairment of tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. In addition, intangible asset with indefinite useful live is tested for impairment annually, and whenever there is an indication that it may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories for mining operation is calculated using the weighted average cost method. Cost of inventories other than mining operation is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into investments held for trading and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Investment held for trading

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Investment held for trading is measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned in the financial assets.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, deposit placed for a life insurance policy, amount due from a related company, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than investment held for trading, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, other receivables and amount due from a related company where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

4. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis for debt instruments.

Convertible notes contain liability and equity components

Convertible notes issued by the group entities that contain both the liability, early redemption option and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. The early redemption option represent the redemption at the option of the bond holders before maturity date.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The early redemption option component is recognised at fair value. The difference between the gross proceeds of the issue of the convertible notes and the fair value assigned to the liability component and early redemption option component, representing the conversion option for the holder to convert the notes into equity, is included in equity (convertible bonds equity reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The early redemption option derivative is measured at fair value with changes in fair value recognised in profit or loss. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible notes equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes equity reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Convertible notes contain liability and equity components (continued)

Transaction costs that relate to the issue of the convertible notes are allocated to the liability, early redemption option component and equity component in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the early redemption option component is charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or it is those designated at FVTPL on initial recognition.

A financial liability may be designated as at fair value through profit or loss upon initial recognition if:

— such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

— the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

— it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities including trade payables, other payables, amounts due to related companies, amounts due to directors, obligations under finance leases, convertible bond liabilities and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivative financial instruments are financial assets which are not designated and effective as hedging instruments and are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits.

Share options granted to consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provision for rehabilitation cost

A provision for rehabilitation is recognised when there is a present obligation as a result of exploration, development and production activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas.

The provision for rehabilitation cost is the best estimate of the present value of the expenditure required to settle the restoration obligation at the end of the reporting period, based on current legal and other requirements and technology. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the provision at the end of the reporting period.

The initial estimate of the rehabilitation provision relating to exploration, development and production facilities is capitalised into the cost of the related asset and depreciated on the same basis as the related asset.

Changes in the estimation of the rehabilitation provision that result from changes in the estimated timing or amount of cash flows, including the effects of revisions to estimated lives of operation or a change in the discount rate, are added to, or deducted from, the cost of the related asset in the period it occurred. If a decrease in liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss. Unwinding of the effect of discounting on the provision is recognised as finance cost.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 4, the directors of the Company have made various estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on past experience, expectations of future and other information that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation/amortisation on mining rights and mining structures

Mining rights and mining structures are amortised or depreciated using the unit of production method based on the actual production volume over the estimated total proved and probable reserves of the ore mines.

The process of estimating quantities of reserves is inherently uncertain and complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data available from ongoing development activities. The reserve estimates are updated quarterly taking into account recent production and technical information about each mine. If the quantities of reserves are different from current estimates, it will result in significant changes to amortisation and depreciation expenses of mining rights and mining structures.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Provision for rehabilitation cost

The provision for rehabilitation cost has been estimated by the management based on current regulatory requirements and is discounted to present value. However, significant changes in the regulatory requirements, timing of performance of reclamation activities or discount rate will result in changes to the amount of provision from period to period. As at 31 December 2011, the carrying amount of provisions for rehabilitation cost is approximately HK$17,711,000 (2010: nil).

Impairment of mining structures, mining rights and exploration and evaluation assets

Determining whether mining structures, mining rights and exploration and evaluation assets are impaired requires an estimation of the value in use of the cash-generating unit to which these assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (i.e. estimation on the total proved and probable reserves of the ore mines and future market price of tin concentrate) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. During the year ended 31 December 2011, impairment loss on mining structures of HK$48,688,000, mining rights of HK$226,448,000 and exploration and evaluation assets of HK$477,059,000 were recognised to profit or loss. As at 31 December 2011, the carrying amounts of mining structures, mining rights and exploration and evaluation assets were approximately HK$34,035,000 (2010: nil), HK$158,320,000 (2010: nil) and HK$331,547,000 (2010: nil), respectively. Details of impairment assessment are disclosed in note 21.

Fair values of derivative financial instruments, financial liabilities at FVTPL and convertible bonds

The directors of the Company use their judgments in selecting appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The fair values of derivative financial instruments, financial liabilities at FVTPL and convertible bonds are valued using option pricing model that incorporated market data and involved certain assumptions based on the management's estimates. Option pricing model requires the input of highly subjective assumptions, including the volatility of share price and discount rate etc., changes in subjective input assumptions can materially affect the fair value estimates. The carrying amounts of respective instruments are set out in notes 29, 33 and 37, respectively.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2011 **HK$'000**	2010 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**244,722**	176,816
Held for trading investments	**18,574**	—
Derivative financial instruments	**92,244**	—
Financial liabilities		
Amortised cost	**547,877**	46,611
Financial liabilities at FVTPL	**20,400**	—

6. **FINANCIAL INSTRUMENTS** *(continued)*

Financial risk management objective and policies

The Group's major financial instruments include trade receivables, other receivables and deposits, deposit placed for a life insurance policy, amounts due from and to related companies and directors, held for trading investments, bank balances and cash, trade payables, other payables and accruals, derivative financial instruments, obligations under finance leases, convertible bond liability, financial liabilities at FVTPL and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risk associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure to financial risks on the manner in which its manages and measures the risks until the Group acquired entire equity interest in Parksong during the year ended 31 December 2011. After acquisition of Parksong, the Group's exposure to credit risk, price risk and liquidity risk is significantly increased. Details of the change in exposure to respective risks are disclosed below.

Market risk

Currency risk

Certain subsidiaries of the Company have amounts due from and to group companies, bank balances, bank borrowings, trade receivables, sales and purchases denominated in foreign currencies, other than the functional currency of respective group companies which expose the subsidiaries to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period:

	Assets		Liabilities	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States Dollars ("USD")	**43,954**	44,478	**—**	12,648
Renminbi ("RMB")	**1,195**	548	**343**	1,990
HK$	**—**	6,241	**—**	—

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objective and policies *(continued)*

Market risk *(continued)*

Currency risk (continued)

Sensitivity analysis

For certain group entities whose functional currency is denominated in HK$, the change in exchange rate of its functional currency against USD has not been considered in the following sensitivity analysis as HK$ is pegged to USD. In the opinion of the directors, the Group does not expect any significant movements between the exchange rate of HK$ against USD.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency of each group entities against the relevant foreign currencies and all other variables were held constant, translating to the presentation currency, HK$, at the closing rate at the end of the reporting period. 5% is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items which are denominated in relevant foreign currencies of respective group entities and adjusts its translation at the end of the reporting period for a 5% change in the relevant foreign currencies exchange rates. A positive number below indicates a decrease in loss for the year where the relevant foreign currencies strengthen 5% against the functional currency of each group entities. For a 5% weakening of the relevant foreign currencies against the functional currencies of each group entities there would be an equal and opposite impact on the loss for the year.

Decrease (increase) in post-tax loss for the year

	2011	2010
	HK$'000	HK$'000
HK$ impact	**—**	(312)
RMB impact	**43**	72
USD impact	**2,198**	380

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 35 for details of these borrowings) as at 31 December 2010 and bank balances for both years. It is the Group's policy to keep its borrowings at floating rates of interest so as to minimise the fair value interest rate risk.

The Group was exposed to fair value interest rate risk in relation to deposit placed for a life insurance policy as at 31 December 2010 and obligation under finance lease and convertible bonds liability as at 31 December 2011 with fixed interest rate (see notes 24, 36 and 37 for details).

As at 31 December 2010, the Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") arising from the Group's bank borrowings denominated in HK$ or USD.

6. **FINANCIAL INSTRUMENTS** *(continued)*

Financial risk management objective and policies *(continued)*

Market risk *(continued)*

Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate bank borrowings and bank balances, the analysis is prepared assuming the bank borrowings and bank balances at the end of the reporting period was outstanding for the whole year. A 50 basis point and 20 basis point increase or decrease is used for bank borrowings and bank balances respectively which represents management's assessment of the reasonably possible change in interest rates.

For bank balances, if interest rates had been 20 basis point higher/lower and all other variables were held constant, the Group's post-tax loss for the year would decrease/increase by approximately HK$252,000 (2010: HK$237,000).

For bank borrowings as at 31 December 2010, if interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's post-tax loss for the year would increase/decrease by approximately HK$60,000.

Other price risk

The Group is exposed to equity price risk through held-for-trading investments. The Group's held-for-trading investments have significant concentration of price risk in Hong Kong stock market. Management manages the exposure by maintaining a portfolio of equity investments with different risk profiles.

During the year ended 31 December 2011, the Group was required to estimate the fair value of the Call Option in relation to the JV Projects (as defined and set out in note 29) and financial liabilities at FVTPL in relation to acquisition of Parksong (as detailed in note 33) at the end of the reporting period with changes in fair value to be recognised in the profit or loss as long as the Call Option is not exercised or expired. The fair value adjustment of the Call Option and financial liabilities at FVTPL would be affected positively or negatively, amongst others, by the changes in the market interest rate, tin market price and its volatility.

Sensitivity analysis

The sensitivity analyses on held for trading investments during the year ended 31 December 2011 have been determined based on the exposure to equity price risks at the reporting date. For sensitivity analysis purpose, the sensitivity rate considers at 30% in the current period. If the prices of the respective equity instruments had been 30% higher/lower and all other variables were held constant, the Group's post-tax loss for the year would decrease/increase approximately by HK$5,572,000 as a result of the changes in fair value of held for trading investments.

The sensitivity analyses on Call Option during the year ended 31 December 2011 had been determined based on the exposure to tin market price at the reporting date only. If tin market price had been 5% higher/lower and all other variables were held constant, the Group's post-tax loss would decrease/increase by approximately HK$19,395,000/HK$17,120,000 as a result of changes in fair value of derivative financial instruments during the year ended 31 December 2011. The management of the Group considers that the sensitivity analyses are unrepresentative of the inherent price risk as the pricing model used in the valuation of derivative financial instruments involves multiple variables.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objective and policies *(continued)*

Market risk *(continued)*

Other price risk (continued)

Sensitivity analysis *(continued)*

The sensitivity analyses on financial liabilities at FVTPL during the year ended 31 December 2011 had been determined based on the exposure to future cash flows discounted at the required yield rate. If the share price of the Company had been 5% higher/lower and all other variables were held constant, the Group's post-tax loss would decrease/increase by approximately HK$859,000/HK$837,000 as a result of changes in fair value of financial liabilities at FVTPL during the year ended 31 December 2011.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management is responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Bank balances are placed in various authorised financial institutions and the directors of the Company consider the credit risk of such authorised financial institutions is low.

The Group has concentration of credit risk on trade receivables from customers, Yunnan Tin Company Limited ("YTC") before 1 April 2011 and Yunnan Tin Australia TDK Resources Pty Limited ("YTATR") after 1 April 2011 which are tin refining and processing company located in the Australia. YTC and YTATR are subsidiaries of non-controlling shareholder of a subsidiary of the Company. The management reviews the recoverable amount of YTATR at the end of the reporting period, including past collection history and subsequent settlement, to ensure that adequate impairment losses are recognised for irrecoverable debts, if any. In this regard, the management of the Group considers that the credit risk is significantly reduced.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objective and policies *(continued)*

Liquidity risk *(continued)*

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity tables

	Weighted average effective interest rate	On demand or less than 3 months HK$'000	3 months to 1 year HK$'000	Between 1 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at the end of the reporting period HK$'000
2011						
Trade payables	—	39,153	—	—	39,153	39,153
Other payables and accruals	—	104,655	—	—	104,655	104,655
Obligations under finance lease	14%	3,616	10,847	33,772	48,235	43,043
Convertible bonds (Note)	20.12%	—	—	773,500	773,500	361,026
Financial liabilities at FVTPL (Note)	29.71%	—	—	33,000	33,000	20,400
		147,424	10,847	840,272	998,543	568,277

Note: It is assumed that Convertible Bonds will not be early redeemed by the Company before the maturity date. The financial liabilities at FVTPL represents unpaid convertible bond to be issued (see note 33) and it is assumed that this convertible bond will not be early redeemed by the Company before the maturity date.

	Weighted average effective interest rate	On demand or less than 3 months HK$'000	3 months to 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at the end of the reporting period HK$'000
2010					
Trade payables	—	15,654	5,252	20,906	20,906
Other payables and accruals	—	9,483	—	9,483	9,483
Amounts due to related companies	—	1,513	—	1,513	1,513
Amounts due to directors	—	2,796	—	2,796	2,796
Bank overdrafts	2.2%	881	—	881	881
Variable interest rates bank loans	2.2%	11,032	—	11,032	11,032
		41,359	5,252	46,611	46,611

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objective and policies *(continued)*

Liquidity risk *(continued)*

Bank loans with a repayment on demand clause are included in the "on demand or less than 3 months" time band in the above maturity analysis. As at 31 December 2010, the aggregate undiscounted principal amounts of these bank loans amounted to HK$11,032,000. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. In accordance with the scheduled repayment dates set out in the loan agreements, the aggregate principal and interest cash outflows amounted to HK$11,218,000.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair values

The fair values of financial assets and financial liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using the relevant prevailing market rates.

The fair values of option-based derivative financial instruments, equity component of Convertible Bonds at Date of Completion and financial liabilities at FVTPL are calculated using option pricing model.

The management of the Group considers that the carrying values of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their corresponding fair values.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

6. **FINANCIAL INSTRUMENTS** *(continued)*

Fair values *(continued)*

Fair value measurements recognised in the consolidated statement of financial position *(continued)*

As at 31 December 2011

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL				
Non-derivative financial assets held for trading	18,574	—	—	18,574
Derivative financial instruments	—	—	92,244	92,244
Total	18,574	—	92,244	110,818
Financial liabilities at FVTPL				
Consideration payable for acquisition of a subsidiary	—	—	20,400	20,400

There were no transfers between Level 1 and 2 in the current and prior years.

Reconciliation of Level 3 fair value measurements of financial assets

	Call Option HK$'000	Financial liabilities at FVTPL HK$'000
At 1 January 2010 and 31 December 2010	—	—
Acquisition of subsidiaries	213,508	(37,800)
(Loss) gain recognised in profit or loss	(121,980)	17,400
Exchange differences	716	—
At 31 December 2011	92,244	(20,400)

Fair value gains or losses on Call Option and financial liabilities at FVTPL are included in other gains and losses in the statement of comprehensive income.

6. FINANCIAL INSTRUMENTS *(continued)*

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings as disclosed in note 35, convertible bonds as disclosed in note 37 and equity attributable to owners of the Company, comprising issued capital and reserves. The management of the Group reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the raising of new debts or the repayment of existing debts.

The Group's overall strategy remains unchanged from prior year.

7. 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.

8. 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 (note 42) 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, which are described in more detail in note 15. Accordingly, the comparatives of segment information have been restated.

8. **SEGMENT INFORMATION** *(continued)*

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 described in note 4. 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 reportable and operating segments.

8. SEGMENT INFORMATION *(continued)*

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, prepayment 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

8. **SEGMENT INFORMATION** *(continued)*

Segment assets and liabilities *(continued)*

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, prepayment 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, convertible bonds, deferred tax liabilities and financial liabilities at FVTPL.

8. SEGMENT INFORMATION *(continued)*

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 HK$'000	Mining HK$'000	Unallocated HK$'000	Total HK$'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 HK$'000	2010 HK$'000
Sales of titanium concentrate	12,872	—
Sales of tin concentrate	342,754	—
	355,626	—

8. SEGMENT INFORMATION *(continued)*

Geographical information

The Group's operations are located in Australia for Mining operation and 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, mining rights, exploration and evaluation assets, deposits and deferred tax assets.

Information about major customers

During the year ended 31 December 2011, YTC and YTATR contributed revenue of HK$46,714,000 and HK$296,040,000 of the total revenue of the Group respectively.

9. OTHER EXPENSES

The amount comprises professional fees and other expenses related to the acquisition of the entire equity interest in Parksong (see note 42 for details of this acquisition) and the possible acquisitions of certain companies engaged in exploitation and production of crude oil and natural gas, which were finally called off.

10. OTHER GAINS AND LOSSES

	2011 HK$'000	2010 HK$'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)	—

11. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Continuing operations		
Interests on:		
Obligations under finance leases wholly repayable with five years	**4,410**	—
Effective interest expense on		
Convertible Bonds (as defined in note 37)	**51,840**	—
	56,250	—

12. DIRECTORS' AND EMPLOYEES EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to each of the twelve (2010: thirteen) directors were as follows:

	Xie Hai Yu HK$'000 (note (i))	Leung Chau Hiu HK$'000 (note (ii))	Leung Kai Wing HK$'000 (note (iii))	Cheung Wai Kuen HK$'000	Chen Liang HK$'000 (note (iv))	Li Xianghong HK$'000 (notes (ii))	Cheng Hau Yan HK$'000	Cheng Pak Lung HK$'000 (note (vi))	Zhong Wei Guang HK$'000	Liu Feng HK$'000	Poon Fuk Chuen HK$'000 (note (vii))	Wong Hing Tat HK$'000 (note (viii))	Total HK$'000
For the year ended 31 December 2011													
Fees	—	—	—	—	529	150	1,560	32	100	100	142	5	2,618
Other emoluments:													
Salaries, allowances and benefits in kind	—	96	1,407	—	—	—	—	—	—	—	—	—	1,503
Contributions to retirement benefit scheme	—	—	33	—	7	—	12	1	—	—	—	—	53
Bonus (note xi)	—	—	500	—	—	—	—	—	—	—	—	—	500
Share option benefits	—	—	—	—	6,921	3,650	17,836	—	—	—	—	—	28,407
Total emoluments	—	96	1,940	—	7,457	3,800	19,408	33	100	100	142	5	33,081

	Leung Chau Hiu HK$'000	Leung Kai Wing HK$'000	Cheung Wai Kuen HK$'000	Chen Liang HK$'000 (note (iv))	Li Xianghong HK$'000 (note (ii) & (v))	Cheng Hau Yan HK$'000	Chang Yong Tian HK$'000 (note (ix))	Tsang Chi Yung HK$'000 (note (x))	Leung Chun Yin HK$'000 (note (x))	Cheng Pak Lung HK$'000	Zhong Wei Guang HK$'000	Liu Feng HK$'000 (note (v))	Wong Hing Tat HK$'000	Total HK$'000
For the year ended 31 December 2010														
Fees	—	—	—	447	35	341	532	—	—	650	100	6	100	2,211
Other emoluments:														
Salaries, allowances and benefits in kind	404	1,248	—	—	—	—	—	591	619	—	—	—	—	2,862
Contributions to retirement benefit scheme	—	34	—	3	—	—	—	29	18	12	—	—	—	96
Bonus (note xi)	500	500	—	—	—	—	—	500	500	—	—	—	—	2,000
Total emoluments	904	1,782	—	450	35	341	532	1,120	1,137	662	100	6	100	7,169

Notes:

(i) Mr. Xie Hai Yu was appointed on 29 November 2011.

(ii) Mr. Leung Chau Hiu and Mr. Li Xianghong were resigned on 1 April 2011.

(iii) Mr. Leung Kai Wing was resigned on 18 January 2012.

(iv) Mr. Chen Liang was appointed on 13 April 2010 and resigned on 1 August 2011.

(v) Mr. Li Xianghong and Mr. Liu Feng were appointed on 10 December 2010.

(vi) Mr. Cheng Pak Lung was resigned on 20 January 2011.

(vii) Mr. Poon Fuk Chuen was appointed on 20 January 2011.

(viii) Mr. Wong Hing Tat resigned on 20 January 2011.

(ix) Mr. Chang Yong Tian was appointed on 22 January 2010 and resigned on 10 December 2010.

(x) Ms. Tsang Chi Yung and Ms. Leung Chun Yin resigned on 5 July 2010.

(xi) The bonus is discretionary and is determined by the remuneration committee having regard to the performance of individuals and the Group.

12. DIRECTORS' AND EMPLOYEES EMOLUMENTS *(continued)*

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2010: four) were directors of the Company, details of whose emoluments are included above. The emoluments of the remaining three (2010: one) individuals were as follows:

	2011 HK$'000	2010 HK$'000
Salaries, allowances and benefits in kind	**1,750**	1,040
Contributions to retirement benefit scheme	**24**	12
Share option benefits	**21,403**	—
	23,177	1,052

The emolument of the remaining three (2010: one) individual(s) for the year was within the following bands:

	2011 No. of employees	2010 No. of employees
HK$1,000,001 to HK$1,500,000	**—**	1
HK$7,000,001 to HK$7,500,000	**1**	—
HK$7,500,001 to HK$8,000,000	**1**	—
HK$8,000,001 to HK$8,500,000	**1**	—

During both years, no emoluments were paid by the Group to the directors or the five individuals with the highest emoluments in the Group as an inducement to join or upon joining the Group or as compensation for loss of office and no directors of the Company waived or agreed to waive any emoluments.

13. TAXATION

	2011 HK$'000	2010 HK$'000
Continuing operations		
The credit comprises:		
Current tax expenses in Australia for the year	**(15,182)**	—
Deferred tax credit for the year (note 39)	**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.

13. TAXATION *(continued)*

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.

The applicable income tax rate is changed to 30% for the year ended 31 December 2011 as the majority of the operating activities of the Group were in Australia after the acquisition of the Parksong.

The taxation for the year can be reconciled to the loss before taxation from continuing operations per the consolidated statement of comprehensive income as follows:

	2011 HK$'000	2010 HK$'000
Loss before taxation	**(1,087,720)**	(21,995)
Tax at Australia Profits Tax rate of 30% (2010: Hong Kong Profits Tax of 16.5%)	**326,316**	3,629
Tax effect of expenses not deductible for tax purpose	**(19,145)**	(3,636)
Tax effect of income not taxable for tax purpose	**244**	7
Tax effect of tax losses not recognised	**(21,574)**	—
Taxation for the year (relating to continuing operations)	**285,841**	—

14. 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 (note 12))		
— 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

15. DISCONTINUED OPERATIONS

On 5 December 2011, the Group entered into a sale and purchase agreement to disposal entire issued share capital of Vitar Insulation ("Vitar S&P Agreement"), 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 ("Date of Disposal"), on which the date control of Vitar Insulation passed to the acquirer.

The profit for the year from the discontinued operations is analysed as follows:

	2011 HK$'000	2010 HK$'000
(Loss) profit of Manufacturing segment for the period/year	**(8,013)**	7,387
(Loss) profit of Vitar Trading segment for the period/year	**(14,826)**	1,852
Loss on disposal of Vitar Insulation	**(26,622)**	—
	(49,461)	9,239

The results of the Manufacturing and Vitar Trading 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 HK$'000	1.1.2010 to 31.12.2010 HK$'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

15. DISCONTINUED OPERATIONS *(continued)*

Profit for the period/year from discontinued operations includes the following:

	1.1.2011 to 29.12.2011 HK$'000	1.1.2010 to 31.12.2010 HK$'000
Auditor's remuneration	—	—
Cost of inventories recognised as expenses (including allowance for obsolete inventories of HK$4,615,000 (2010: HK$6,678,000))	207,781	178,414
Depreciation of property, plant and equipment	6,525	5,778
Loss on disposal of property, plant and equipment	2,126	—
Allowance for bad and doubtful debts	17,583	3,580
Amortisation of investment property	—	31
Release of prepaid lease payments	141	135
Operating lease rentals in respect of rental premises	2,047	1,800
Staff costs (including directors' emoluments (note 12))		
— Salaries and other benefits	22,793	19,687
— Contributions to retirement benefit schemes	733	697
	23,526	20,384
Rental income from investment property	—	(62)
Less: Direct operating expenses from investment property that generate rental income	—	6
	—	(56)

During the year, the Manufacturing and Vitar Trading segments incurred approximately HK$26,063,000 to the Group's net operating cash flows, incurred approximately HK$19,861,000 in respect of investing activities and incurred HK$22,523,000 in respect of financing activities.

The carrying amounts of the assets and liabilities of the Manufacturing and Vitar Trading segments at the date of disposal are disclosed in note 43.

16. 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 as set out in note 38:

	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:

Loss figures are calculated as follows:

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

From discontinued operations

Basic loss per share for the discontinued operations is HK 1.72 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.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK$'000	Buildings HK$'000	Mining structures HK$'000	Leasehold improvement HK$'000	Construction in progress HK$'000	Furniture and fixtures HK$'000	Plant, machinery and equipment HK$'000	Motor vehicles HK$'000	Tools HK$'000	Total HK$'000
COST										
At 1 January 2010	6,395	37,285	—	—	1,794	5,739	51,921	4,495	625	108,254
Exchange adjustments	—	1,902	—	—	75	139	299	65	—	2,480
Additions	—	—	—	4,165	3,058	3,653	913	2,434	—	14,223
Disposals	(6,395)	(7,281)	—	—	—	(844)	(17,799)	(168)	(215)	(32,702)
At 31 December 2010	—	31,906	—	4,165	4,927	8,687	35,334	6,826	410	92,255
Exchange adjustments	—	1,457	331	—	335	178	2,282	78	—	4,661
Acquisition of subsidiaries (note 42)	—	41,253	12,515	—	12,262	—	170,001	1,718	—	237,749
Additions	—	471	48,549	224	61,618	1,185	13,183	2,767	—	127,997
Disposals	—	—	—	—	—	—	(16,444)	(221)	—	(16,665)
Transfer from exploration and evaluation assets	—	—	17,620	—	—	—	—	—	—	17,620
Transfer	—	745	10,648	—	(51,574)	339	39,842	—	—	—
Disposals of subsidiaries	—	(33,613)	—	—	(6,652)	(6,580)	(36,924)	(4,614)	(410)	(88,793)
At 31 December 2011	—	42,219	89,663	4,389	20,916	3,809	207,274	6,554	—	374,824
DEPRECIATION AND IMPAIRMENT										
At 1 January 2010	952	4,307	—	—	—	3,384	33,149	2,538	514	44,844
Exchange adjustments	—	78	—	—	—	63	522	33	—	696
Provided for the year	26	877	—	669	—	851	3,918	529	22	6,892
Impairment loss recognised in profit or loss	—	1,492	—	—	—	—	—	—	—	1,492
Eliminated on disposals	(978)	(1,520)	—	—	—	(657)	(16,229)	(160)	(211)	(19,755)
At 31 December 2010	—	5,234	—	669	—	3,641	21,360	2,940	325	34,169
Exchange adjustments	—	114	201	—	—	90	793	40	—	1,238
Provided for the year	—	2,758	6,739	1,750	—	1,339	45,764	1,111	17	59,478
Impairment loss	—	—	48,688	—	—	—	—	—	—	48,688
Eliminated on disposal	—	—	—	—	—	—	(11,932)	(119)	—	(12,051)
Eliminated on disposals of subsidiaries	—	(5,917)	—	—	—	(3,897)	(17,429)	(3,336)	(342)	(30,921)
At 31 December 2011	—	2,189	55,628	2,419	—	1,173	38,556	636	—	100,601
CARRYING VALUES										
At 31 December 2011	—	40,030	34,035	1,970	20,916	2,636	168,718	5,918	—	274,223
At 31 December 2010	—	26,672	—	3,496	4,927	5,046	13,974	3,886	85	58,086

17. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Other than freehold land, construction in progress and mining structures, the above items of property, plant and equipment are depreciated using the straight-line basis at the following rates per annum:

Leasehold land and buildings	1.75%–20%
Leasehold improvement	Over the term of the lease
Furniture and fixtures	20%
Plant, machinery and equipment	10–33%
Motor vehicles	12.5%–25%
Tools	20%

Depreciation on mining structures is provided to write off the cost of the mining structures using the unit of production method based on the actual production volume over the total estimated proved and probable reserves of the ores mine. Effective depreciation rate for the year ended 31 December 2011 is 11.88%.

During the year ended 31 December 2011, there is an impairment loss recognised on mining structure amounting of HK$48,688,000. Details of impairment assessment are disclosed in note 21.

During the year ended 31 December 2010, the Directors of the Company determined the recognition of impairment loss of HK$1,492,000 on buildings which is a manufacturing plant located in Shenzhen and was ceased for production.

During the year ended 31 December 2010, the Group's leasehold land and buildings with the aggregate carrying amount of HK$11,178,000 had been disposed of to four related companies at a total consideration of HK$24,070,000. The consideration had been arrived at based on a valuation carried out by Messrs. Jones Long LaSalle Sallmanns Limited, independent valuers not connected with the Group. The valuation was determined by reference to recent market prices for similar properties. The resolutions were approved in the extraordinary general meeting of shareholders on 18 March 2010. Accordingly, the Group recognised the gain on disposal of HK$12,892,000 in profit or loss during the year ended 31 December 2010. Particulars of the transaction are disclosed in note 48. These leasehold land and buildings are leased at market rent back to the Group after disposal. Details of rental payment are disclosed in note 48.

The net book value of property, plant and equipment includes an amount of approximately HK$50,233,000 (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.

18. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments as at 31 December 2010 comprised leasehold land in the PRC under medium-term lease and were released to profit or loss over the term of the lease of 47 years.

	2011 HK$'000	2010 HK$'000
Prepaid lease payments of the Group are analysed for reporting purposes as:		
Current asset	—	147
Non-current asset	—	6,364
	—	6,511

The entire prepaid lease payments are disposed of upon the disposal of Vitar Insulation during the year ended 31 December 2011.

19. INVESTMENT PROPERTY

	HK$'000
COST	
At 1 January 2010	7,697
Disposals	(7,697)
At 31 December 2010 and 31 December 2011	—
AMORTISATION AND IMPAIRMENT	
At 1 January 2010	1,548
Provided for the year	31
Eliminated on disposals	(1,579)
At 31 December 2010 and 31 December 2011	—
CARRYING VALUES	
At 31 December 2011	—
At 31 December 2010	—

19. INVESTMENT PROPERTY *(continued)*

During the year ended 31 December 2010, the Group's investment property with the carrying amount of HK$6,118,000, had been disposed of to a related company at a consideration of HK$7,040,000. The consideration has been arrived at based on a valuation carried out by Messrs. Jones Lang LaSalle Sallmanns Limited, independent valuers not connected with the Group. The valuation was determined by reference to recent market prices for similar properties. The resolutions were approved in the extraordinary general meeting of shareholders on 18 March 2010. Accordingly, the Group recognised the gain on disposal of HK$922,000 in the profit or loss during the year ended 31 December 2010. Particulars of the transaction are disclosed in note 48.

20. INTANGIBLE ASSETS

	HK$'000
COST	
At 1 January 2010 and 31 December 2010	1,906
Addition	4,442
Disposal of subsidiaries	(6,348)
At 31 December 2011	—
IMPAIRMENT	
At 1 January 2010	—
Impairment loss recognised in the year	845
At 31 December 2010	845
Impairment loss recognised in the year	907
Eliminated on the disposal of subsidiaries	(1,752)
At 31 December 2011	—
CARRYING VALUES	
At 31 December 2011	—
At 31 December 2010	1,061

The intangible asset represented the cost to acquire a club membership in Mission Hills Golf Club and production techniques. These intangible assets were measured at cost less impairment losses at the end of the reporting period prior to the disposal.

21. MINING RIGHTS

	HK$'000
COST	
At 1 January 2010 and 31 December 2010	—
Acquisition of subsidiaries (note 42)	450,072
Transfer from exploration and evaluation assets	19,903
Exchange adjustment	2,463
At 31 December 2011	472,438
AMORTISATION AND IMPAIRMENT	
At 1 January 2010 and 31 December 2010	—
Amortisation for the year	86,591
Impairment loss for the year	226,448
Exchange adjustment	1,079
At 31 December 2011	314,118
CARRYING VALUES	
At 31 December 2011	158,320
At 31 December 2010	—

The mining rights are amortised using the unit of production method based on the actual production volume over the estimated total proved and probable reserves of the ores mines.

For the purposed of impairment testing, mining rights, exploration and evaluation assets and mining structures have been allocated to a cash generated unit ("CGU"). The recoverable amount of the CGU is determined on the basis of value in use calculation. Value in use calculation is based on a discount rate of 14% and cash flow projection prepared from financial forecasts approved by the directors of the Company covering a mine life period until the mine resources run out based on existing production capacity. Other key assumption for the value in use calculation relate to the estimation of cash inflows/outflows which include future tin price, production rate and gross margin, such estimation is based on the estimation provided by management.

The market tin price decreased from USD31,975 per tonne at the Date of Completion to USD18,800 per tonne at 31 December 2011. As a result of the significant decrease in international market tin price, the directors of the Company are in the opinion that the market tin price is likely to remain depressed in the long run, and hence re-estimated the expected future tin price applied in the value in use calculation. Based on the revised assumptions applied, the carrying amount of the CGU is significantly above its recoverable amount, accordingly, the Group impaired its mining structures, mining rights and exploration and evaluation assets of HK$48,688,000 and HK$226,448,000 and HK$477,059,000, respectively.

22. EXPLORATION AND EVALUATION ASSETS

	HK$'000
COST	
At 1 January 2010 and 31 December 2010	—
Acquisition of subsidiaries (note 42)	820,850
Addition	22,608
Transfer to property, plant and equipment	(17,620)
Transfer to mining rights	(19,903)
Impairment loss for the year	(477,059)
Exchange adjustment	2,671
At 31 December 2011	331,547

During the year ended 31 December 2011, there is an impairment loss recognised on exploration and evaluation assets amounting to HK$477,059,000. Details of the impairment assessment are disclosed in note 21.

23. DEPOSITS

Deposits with the carrying amount of HK$16,364,000 as at 31 December 2011 represents deposits paid by the Group to the Mineral and Resource Department of Tasmania as a deposit for operating in the mining industry in Tasmania, Australia. The deposits are refundable upon the cessation of mining activities or closure of mines and the environmental rehabilitation work of relevant mines meets government's requirements.

24. DEPOSIT PLACED FOR A LIFE INSURANCE POLICY

Vitar Insulation Manufactures Limited ("Vitar Hong Kong") entered into a life insurance policy with an insurance company to insure an executive director. Under the policy, the beneficiary and policy holder is Vitar Hong Kong and the total insured sum is approximately HK$10,763,000. Vitar Hong Kong is required to pay an upfront deposit of HK$1,997,000, including a premium charge at inception of the policy amounting to HK$120,000. Moreover, Vitar Hong Kong is required to pay a monthly insurance premium determined by the insurance company. Vitar Hong Kong can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal, which is determined by the upfront payment of HK$1,997,000 plus accumulated interest earned and minus insurance premium charged at inception of HK$120,000 and the accumulated monthly insurance premium charged ("Cash Value"). In addition, if withdrawal is made between the 1st to 15th policy year, there is a specified amount of surrender charge. The insurance company will pay Vitar Hong Kong an interest of 5.45% per annum on the outstanding Cash Value of the policy for the next 20 years. Commencing on the 21st year, the interest will become 2.9% per annum plus a premium determined by the insurance company.

The effective interest rate on initial recognition was 5.45%, which was determined by discounting the estimated future cash receipts through the expected life of the policy of 20 years, excluding the financial effect of surrender charge. The carrying amount of deposit placed for a life insurance policy as at 31 December 2010 represented the Cash Value of such insurance policy. As at 31 December 2010, the expected life of the policy was remained unchanged from the initial recognition and the directors considered that the financial impact of the option to terminate the policy was insignificant.

24. DEPOSIT PLACED FOR A LIFE INSURANCE POLICY *(continued)*

As at 31 December 2010, the deposit placed for a life insurance policy was pledged to a bank to secure general banking facilities granted to the Group.

The deposit placed for a life insurance policy is denominated in USD, the currency other than the functional currency of the respective group entity.

This deposit is derecognised during the year ended 31 December 2011 upon the disposal of Vitar Insulation.

25. INVENTORIES

	2011 HK$'000	2010 HK$'000
Manufacturing and Vitar Trading operations:		
Raw materials	—	7,123
Work-in-progress	—	1,792
Finished goods	—	7,916
	—	16,831
Mining operation:		
Ore stocks	**652**	—
Work-in-progress	**342**	—
Tin in circuit	**644**	—
Tin concentrate	**709**	—
Spare parts	**15,415**	—
Others	**263**	—
	18,025	—
	18,025	16,831

26. TRADE RECEIVABLES

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

26. TRADE RECEIVABLES *(continued)*

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 HK$'000	2010 HK$'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. Concentration of credit risk on a single customer as at 31 December 2011 is disclosed in note 6 and the concentration of credit risk as at 31 December 2010 is limited due to the customer base being large and unrelated. 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 HK$'000	2010 HK$'000
USD	**26,313**	27,113
RMB	—	141
	26,313	27,254

26. TRADE RECEIVABLES *(continued)*

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 had no history of default on receivables and the directors of the Company believe that the amounts were 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 HK$'000	2010 HK$'000
91 – 180 days	—	2,284

Movement in the allowance for bad and doubtful debts

	2011 HK$'000	2010 HK$'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.

27. AMOUNT DUE FROM A RELATED COMPANY

Particulars of amount due from a related company disclosed pursuant to section 161B of the Companies Ordinance are as follows:

Name of related party	Common directorship	Beneficial shareholder	Balance at 31.12.2011 HK$'000	Balance at 31.12.2010 HK$'000	Maximum amount outstanding during the year 2011 HK$'000	Maximum amount outstanding during the year 2010 HK$'000
First Phoenix Investments Limited ("First Phoenix")	Leung Kai Wing	Leung Kai Wing	—	56	56	56

The amount due from a related company was unsecured, interest-free and repayable on demand.

28. HELD FOR TRADING INVESTMENT

	2011 HK$'000	2010 HK$'000
Equity securities listed in Hong Kong	**18,574**	—

Fair value of held for trading investment is based on quoted market bid price at the end of reporting period.

29. DERIVATIVE FINANCIAL INSTRUMENTS

	2011 HK$'000	2010 HK$'000
Derivative financial instruments consist of the following items:		
Call Option (disclosed under current assets)	**92,244**	—

On 4 March 2011 ("Date of Completion"), GPL, acquired entire equity interests in Parksong. Before the completion of this acquisition, YT Parksong Australia Holdings Pty Limited ("YT Parksong Australia"), a non-wholly owned subsidiary of Parksong entered into a joint venture agreement ("JV Agreement") with Bluestone Mines Tasmania Pty Ltd. ("BMT"). Each of the venturers holds 50% interest in certain mining projects (the "JV Projects") located in Tasmania, Australia.

Pursuant to the JV Agreement, BMT has granted the Call Option to YT Parksong Australia to purchase from BMT a further 10% interests in the JV Projects exercisable from 19 March 2010 to 18 March 2012 with the following conditions:

- if Call Option is exercised from 19 March 2010 to 18 March 2011, the consideration will be AUD10 million; or

- if Call Option is exercised from 19 March 2011 to 18 March 2012, the consideration will be AUD10 million if the production on tin concentrate is more than 6,000 tonnes from 19 March 2010 to 18 March 2011 and average cost of production on tin concentrate is not greater than AUD14,403.46 per tone ("Performance Criteria"). The consideration will be reduced to AUD5 million if the Performance Criteria cannot meet.

At the same time, YT Parksong Australia has granted the Put Option to BMT that BMT can require YT Parksong Australia to purchase a further 10% interest in the JV Projects exercisable from 19 March 2011 to 18 March 2012 with the following conditions:

- if Performance Criteria is achieved, the consideration will be AUD10 million; or

- if Performance Criteria is not achieved, the Put Option will lapse immediately.

The fair value of the Call Option is approximately HK$213,508,000 at Date of Completion.

29. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

After considering the latest production volume at the Date of Completion, the directors of the Company considered the Performance Criteria is unachievable as there are only two weeks left behind for the measurement period of the Performance Criteria to catch up the shortfall. As a result, the directors of the Company considered the Put Option will be eventually lapsed and determined the fair value of the Put Option at the Date of Completion is zero.

The movement of the Call Option during the year is set out below:

	Call Option HK$'000
At the Date of Completion	**213,508**
Changes in fair value	**(121,980)**
Exchange adjustment	**716**
At 31 December 2011	**92,244**

The fair value of Call Option is calculated using the Black-Scholes-Merton Option Pricing Model at the Date of Completion and 31 December 2011. The inputs into the model were as follows:

	Call Option	
	As at Date of Completion	As at 31 December 2011
Business value (note a)	AUD31,790,000	AUD16,577,286
Exercise price	AUD5,000,000	AUD5,000,000
Expected volatility (note b)	26.79%	34.55%
Expected life (note c)	1.04 year	0.21 year
Risk-free rate (note d)	4.92%	4.07%

Notes:

(a) The business value is determined based on the future discounted cashflow of the JV Projects with reference to the expected tin price.

(b) Expected volatility for options is based on historical daily tin market price movements over a historical period of 1 year.

(c) Expected life was the expected remaining life of the Call Option.

(d) The risk-free rate is determined by reference to the Australian Government bond rate.

During the year ended 31 December 2011, a loss of HK$121,980,000 was recognised in respect of the changes in fair values of derivative financial instruments.

30. BANK BALANCES AND CASH

Bank balances comprise bank deposits held by the Group with an original maturity of three months or less. The bank balances carried effective interest rates ranging from 0.1% to 2.6% (2010: 0.2% to 0.8%) per annum.

The Group's bank balances that are denominated in currencies other than the functional currency of the respective group entity are set out below:

	2011 HK$'000	2010 HK$'000
USD	**18,099**	15,446
RMB	—	407
HK$	—	6,241
	18,099	22,094

31. 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 HK$'000	2010 HK$'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 HK$'000	2010 HK$'000
USD	—	6,516
RMB	—	1,990
	—	8,506

32. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	2011 HK$'000	2010 HK$'000
Net payables to the Vendor (note)	**97,614**	—
Accruals and other payables	**7,041**	13,069
Customer deposits	**—**	624
	104,655	13,693

Note: Pursuant to the sale and purchase agreement in acquisition of Parksong ("Parksong S&P Agreement"), all payables of Parksong and its subsidiaries other than jointly controlled assets are borne by the Vendor and all receivables of Parksong and its subsidiaries other than jointly controlled assets are received by Vendor at the Date of Completion. The amount represented the net payables to the Vendor based on the financial information of Parksong and its subsidiaries other than jointly controlled assets at the Date of Completion. The amount should be settled by cash.

33. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

During the year, the Group acquired the entire interest of Parksong of which a convertible bond with the principal amount of HK$33,000,000 has not been issued at the Date of Completion, until certain conditions have been met (details as stated in note 42). This unpaid convertible bond was considered as contingent consideration payable and was designated as financial liabilities at fair value through profit or loss as at end of the reporting period.

The movement of the financial liabilities at FVTPL is as follows:

	HK$'000
FAIR VALUE	
At 1 January 2010 and 31 December 2010	—
Acquisition of subsidiaries (note 42)	37,800
Fair value change	(17,400)
At 31 December 2011	20,400

The fair value of liability component of the unpaid convertible bond was calculated based on the present value of the contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the average yield of notes with similar credit rating and remaining time to maturity. The effective interest rate applied at the Date of Completion and 31 December 2011 were 20.12% and 29.71% respectively.

33. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

The fair value of the conversion option embedded was calculated using the Binomial model. The inputs into the model were as follows:

	Date of Completion	31 December 2011
Stock price	HK$1.68	HK$0.91
Exercise price	HK$1.47	HK$1.47
Expected volatility	46.58%	45.68%
Expected life	5 years	4.18 years
Risk-free rate	1.93%	0.77%

The stock price was the closing price at the end of the valuation date while the expected volatility was determined by calculating the implied volatility of the Company's share price.

34. AMOUNTS DUE TO RELATED COMPANIES/AMOUNTS DUE TO DIRECTORS

Related companies were companies in which the directors of the Company had control.

The amounts were unsecured, interest-free and repayable on demand.

35. BANK BORROWINGS

	2011 HK$'000	2010 HK$'000
Secured bank loans	—	4,900
Secured trust receipt loans	—	6,132
	—	11,032
Carrying amount repayable (note):		
Within one year	—	7,332
More than one year, but not exceeding two years	—	1,200
More than two years, but not exceeding five years	—	2,500
	—	11,032
Less: Carrying amount repayable within one year	—	(7,332)
Carrying amount of loans that are not repayable within one year from the end of the reporting period but contain a repayable on demand clause (shown under current liabilities)	—	(3,700)
Amounts due after one year	—	—

Note: The amounts due were based on scheduled repayment dates set out in the loan agreements.

35. BANK BORROWINGS *(continued)*

All the bank borrowings were floating-rate borrowings. The range of effective interest rates on the Group's interest bearing borrowings was 1.95% to 2.45% per annum during the year ended 31 December 2010.

As at 31 December 2010, the bank borrowings were secured by deposit placed for a life insurance policy and the details of which are set out in note 24.

The bank borrowings as at 31 December 2010 that were denominated in USD, the currency other than the functional currency of the respective group entity, were HK$6,132,000.

36. OBLIGATION UNDER FINANCE LEASES

	2011 **HK$'000**	2010 HK$'000
Analysed for reporting purpose as:		
Current liabilities	**12,581**	—
Non-current liabilities	**30,462**	—
	43,043	—

Certain machineries of the JV Projects were under finance leases. The lease term is 4 years for the year ended 31 December 2011. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 10% to 17%.

36. OBLIGATION UNDER FINANCE LEASES *(continued)*

	Minimum lease payments		Present value of minimum lease payments	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance leases				
Within one year	**14,463**	—	**12,581**	—
In more than one year but not more than two years	**13,224**	—	**19,048**	—
In more than two years but not more than five years	**20,548**	—	**11,414**	—
	48,235	—	**43,043**	—
Less: Future finance charges	**(5,192)**	—	**N/A**	—
Present value of lease obligations	**43,043**	—	**43,043**	—
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(12,581)**	—
Amount due for settlement after 12 months			**30,462**	—

The Group's obligation under finance leases are secured by the lessor's charge over the leased assets.

37. CONVERTIBLE BONDS

Pursuant to Parksong S&P Agreement, part of the consideration is settled by issuance of convertible bonds. On the Date of Completion, the Company issued zero-coupon convertible bonds with principal amount of HK$773,500,000 with maturity of five years (the "Convertible Bonds"). The Convertible Bonds were denominated in HK$ 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. There is no early redemption term by the Company or the bondholders 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.

37. CONVERTIBLE BONDS *(continued)*

The movement of the liability component of the Convertible Bonds for the year is set out as below:

	HK$'000
Liability component at the issue date	**309,186**
Interest charge	**51,840**
As at 31 December 2011	**361,026**

Binomial model is used for valuation of conversion option of the Convertible Bonds. The inputs into the model were as follows:

Stock price	HK$1.68
Exercise price	HK$1.47
Volatility (note a)	46.58%
Option life (note b)	5 year
Risk-free rate (note c)	1.93%

Notes:

(a) Expected volatility was determined by calculating the historical volatility of the Company's share price.

(b) Expected life was the life of the options.

(c) The risk-free rate is determined by reference to the Hong Kong Government Bond Yield.

The fair value of the convertible bonds issued at the Date of Completion is HK$886,400,000, representing the liability component of HK$309,186,000 (as stated above) and equity component of HK$577,214,000.

38. SHARE CAPITAL

	Notes	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.005 each			
Authorised:			
At 1 January 2010		1,000,000,000	100,000
Share subdivision	(b)	19,000,000,000	—
At 31 December 2010 and 31 December 2011		20,000,000,000	100,000
Issued:			
At 1 January 2010		100,000,000	10,000
Issued on share placement on 19 January 2010	(a)	20,000,000	2,000
Share subdivision	(b)	2,280,000,000	—
Issued on share placement on 29 April 2010	(c)	480,000,000	2,400
At 31 December 2010 and 31 December 2011		2,880,000,000	14,400

38. SHARE CAPITAL *(continued)*

Notes:

(a) Pursuant to a placing agreement dated 30 December 2009, the Company completed a placing and issue of 20,000,000 ordinary shares at a placing price of HK$2.15 per share (before share subdivision) on 19 January 2010 ("First Placing"). These shares rank pari passu in all respect with other shares in issue. The net proceeds from the First Placing are intended to be used for the general working capital of the Group.

(b) Pursuant to the resolutions passed by the shareholders on 23 February 2010, the existing issued and unissued shares of par value of HK$0.10 each in the share capital of the Company was subdivided into twenty subdivided shares of par value of HK$0.005 each.

(c) Pursuant to a placing agreement dated 26 February 2010, the Company completed a placing and issue of 480,000,000 subdivided ordinary shares at a placing price of HK$0.65 per share (after share subdivision) on 29 April 2010 ("Second Placing"). These shares rank pari passu in all respect with other shares in issue. The net proceeds from the Second Placing are intended to be used for the general working capital of the Group.

39. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, deferred tax asset and liability have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	2011 **HK$'000**	2010 HK$'000
Deferred tax assets	**34,720**	—
Deferred tax liabilities	**(123,104)**	(280)
	(88,384)	(280)

39. DEFERRED TAXATION *(continued)*

The following is the major deferred tax asset (liability) recognised by the Group and movement thereon, during the years:

	Acquisition cost of jointly controlled assets	Fair value change in derivative financial instruments	Provisions	Tax losses	Accelerated tax depreciation	Fair value adjustment on mining rights; exploration and evaluation assets and mining structures	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2010	—	—	—	1,655	(900)	—	755
(Charge) credit to profit and loss	—	—	—	(1,655)	620	—	(1,035)
At 31 December 2010	—	—	—	—	(280)	—	(280)
Acquisition of subsidiaries	7,576	(67,134)	4,520	—	—	(333,340)	(388,378)
(Charge) credit to profit and loss	(1,898)	36,594	3,742	20,637	—	241,948	301,023
Exchanged differences	34	(231)	38	71	—	(941)	(1,029)
Disposal of subsidiaries	—	—	—	—	280	—	280
At 31 December 2011	5,712	(30,771)	8,300	20,708	—	(92,333)	(88,384)

As at 31 December 2011, the Group had estimated unused tax losses of approximately HK$141,540,000 (2010: HK$11,824,000 in relation to Vitar Insulation and its subsidiaries) available for offset against future profits. Tax losses of HK$69,027,000 (2010: nil) had been recognised as deferred tax assets at 31 December 2011. No deferred tax had been recognised in respect of the remaining tax losses of HK$72,513,000 (2010: HK$11,824,000 in relation to Vitar Insulation and its subsidiaries) due to the unpredictability of future profit streams. As at 31 December 2010, included in unrecognised tax losses were losses of approximately HK$2,968,000 that would be expired on various dates till 31 December 2014 and were fully derecognised upon disposal of respective entities in 2011. Other losses may be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. As at 31 December 2010, deferred taxation had not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately HK$12,932,000 as the Group was able to control the timing of the reversal of the temporary differences and it was probable that the temporary differences would not reverse in the foreseeable future. Subsequent to disposal of subsidiaries, there is no PRC subsidiaries having accumulated profits as at 31 December 2011.

40. PROVISION FOR REHABILITATION

	HK$'000
At 1 January 2010 and 31 December 2010	—
Acquisition of subsidiaries	21,940
Adjustment due to change of discount rate	(4,345)
Exchange adjustment	116
At 31 December 2011	17,711

The provision for rehabilitation represents the estimated cost of decommission and rehabilitation of mines and processing sites of the JV Projects to be carried out at the end of their producing lives. The discount rate used in determination the provision for rehabilitation is changed from 5.23% at the Date of Completion to 4.79% as at 31 December 2011.

41. JOINT VENTURE

Jointly controlled assets

Upon the acquisition of Parksong, the Group has 50% interests in the JV Projects located in Tasmania, Australia which comprises of (i) the Renison mine, concentrator and infrastructure, (ii) the Mount Bischoff open cut tin project and (iii) the Rentails tailing retreatment projects (hereinafter collectively referred to as the "Mining Assets"). Pursuant to the acquisition agreement between BMT and YT Parksong Australia, BMT granted the Call Option to YT Parksong Australia and YT Parksong Australia granted the Put Option to BMT. Details of Call Option and Put Option are disclosed in note 29.

YT Parksong Australia and BMT entered into the JV Agreement that an unincorporated joint venture was established by YT Parksong Australia and BMT to jointly manage the Mining Assets. According to the JV Agreement, YT Parksong Australia and BMT severally owned 50% interests of the Mining Assets. Each of YT Parksong Australia and BMT is entitled to 50% of the output from the operation of the Mining Assets and is responsible for 50% of the expenses incurred.

The JV Projects is managed by a management committee ("Management Committee"). Each of YT Parksong Australia and BMT is entitled to appoint three representatives to the Management Committee. If YT Parksong Australia increases its interests to 60%, it will be entitled to appoint three representatives to the Management Committee with BMT appointing two representatives. Under the JV Agreement, certain decisions relating to strategic financial and operating policies of those mining projects require the unanimous consent from both YT Parksong Australia and BMT both before and after the exercise of the Call Option and Put Option. Other operational decisions made by the Management Committee require a simple majority vote. Hence, YT Parksong Australia is able to exercise joint control over the JV Projects and the assets and liabilities of the JV Projects which were acquired by the Group are accounted for as jointly controlled assets.

41. JOINT VENTURE *(continued)*

Jointly controlled assets *(continued)*

The amounts of assets and liabilities as at 31 December 2011 and, income and expenses from the Date of Completion to 31 December 2011 recognised in the consolidated financial statements in relation to the Group's interests in jointly controlled assets are as follows:

	2011 HK$'000
Property, plant and equipment	264,682
Mining rights	158,320
Exploration and evaluation assets	331,547
Inventories	18,025
Other receivables and deposits	29,676
Bank balances and cash	45,064
Total assets	847,314
Trade payables	39,153
Obligation under finance leases	43,043
Provisions for rehabilitation	17,711
Total liabilities	99,907

	4.3.2011 to 31.12.2011 HK$'000
Sales	342,754
Cost of sales	(410,977)
Other income	2,302
Administrative expenses	(215)
Other gains and losses	(743,080)
Finance costs	(4,410)
Loss before taxation	(813,626)

41. JOINT VENTURE *(continued)*

Jointly controlled entity

The Company has indirect interests in a jointly controlled entity as follows:

Name of entity	Form of entity	Place of incorporation	Issue and fully paid up share capital	Equity interest and voting power attributable to the Company 2011	2010	Principal activity
Bluestone Mines Tasmania Joint Venture Pty Ltd. ("BMTJV")	Incorporated	Australia	AUD2	**50%**	N/A	Provision of management services in mining projects of the Group in Australia

BMTJV is a limited company incorporated in Australia by YT Parksong Australia and BMT. BMTJV was appointed as the management company of the JV Projects and is responsible to manage, supervise and conduct the daily operation of the JV Projects through the Management Committee.

BMTJV has no asset and liability as at 31 December 2011 and no revenue and expenses incurred during the year ended 31 December 2011.

42. ACQUISITION OF SUBSIDIARIES

On the Date of Completion, GPL acquired entire equity interest in Parksong for a consideration of HK$1,204,200,000 from an independent third party (the "Vendor"). This acquisition has been accounted for using the acquisition method. Parksong and its subsidiaries (collectively known as "Parksong Group") engaged in exploration, development and mining of tin ores in Australia.

Consideration transferred

	HK$'000
Cash (note a)	280,000
Consideration payable for the acquisition of a subsidiary (note b and note 33)	37,800
Convertible bonds issued (note 37)	886,400
Total	1,204,200

Notes:

(a) The cash consideration has already paid in prior year and recognised as deposit paid for acquisition of a target company as at 31 December 2010.

(b) According to fourth supplemental deed to the Parksong S&P Agreement on 28 February 2011, the remaining consideration of HK$33,000,000 shall be paid by the Group to the Vendor by issuance of convertible bonds in a principal amount of HK$33,000,000 after the completion of any following events ("Events"):

(i) YT Parksong Australia has exercised the Call Option without being successfully challenged or disputed by the competent courts or BMT, with the result that immediately upon the exercise of the Call Option, YT Parksong Australia has obtained the valid, legal and beneficial ownership of 10% of the Mining Assets, together with the receipt by GPL of the legal opinion duly issued by the qualified Australian lawyers, jointly appointed by GPL and the Vendor, on the legality of the legal and beneficial ownership of the 10% of the Assets held by YT Parksong Australia provided that such legal opinion shall be delivered to GPL by expiry of a period of 2 weeks after the date of exercise of Call Option; or

42. ACQUISITION OF SUBSIDIARIES *(continued)*

Notes: *(continued)*

(ii) BMT has confirmed in writing (the "Confirmation Letter") that the Call Option and Put Option remain exercisable in accordance with the terms and conditions of the Parksong S&P Agreement and upon exercise of the option, YT Parksong Australia shall have obtained the valid, legal and beneficial ownership of 10% of the Assets, together with the receipt by GPL of the legal opinion duly issued by the qualified Australian lawyers, jointly appointed by GPL and the Vendor, on the validity and enforceability of the Confirmation Letter provided that such legal opinion shall be delivered to the GPL by expiry of a period of 2 weeks after the receipt by GPL of the Confirmation Letter; or

(iii) YT Parksong Australia failed to exercise the option by reasons of its failure to comply with the terms and conditions of the Parksong S&P Agreement.

If the Events have not occurred on or before 17 March 2012, the Group shall have no obligation to pay this remaining consideration. In the opinion of the directors, after seeking opinion from the Company's legal counsel, the condition has been fulfilled and the Group is liable to issue the unpaid convertible bond as at 31 December 2011.

The contingent consideration is measured at fair value at the Date of Completion and as at 31 December 2011. Details of the financial liabilities at FVTPL are set out in note 33.

Assets acquired and liabilities recognised at the Date of Completion are as follows:

	Date of Completion HK$'000
Property, plant and equipment	237,749
Mining rights	450,072
Exploration and evaluation assets	820,850
Long-term deposits	17,398
Deferred tax assets	12,096
Inventories	27,757
Other receivables, deposits and prepayments	111
Derivative financial instruments — Call Option	213,508
Bank balances and cash	73,233
Obligations under finance leases	(13,009)
Trade and other payables and accrued charges	(44,192)
Tax liabilities	(4,792)
Provision on rehabilitation costs	(21,940)
Deferred tax liabilities	(400,474)
	1,368,367
Non-controlling interests (note)	(164,167)
Total consideration	1,204,200

Net cash inflow arising on acquisition:

Bank balances and cash acquired	73,233

Note: The non-controlling interests are determined by proportionate share of assets acquired and liabilities recognised of Parksong Group at the Date of Completion.

42. ACQUISITION OF SUBSIDIARIES *(continued)*

Included in the loss for the year from continuing operations is HK$656,009,000 attributable to Parksong Group. Revenue for the year includes HK$342,754,000 generated from Parksong Group.

Had the Acquisition been completed on 1 January 2011, total group revenue for the period would have been HK$434,063,000, and loss for the period would have been HK$808,948,000.

The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2011, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and loss of the Group had Parksong Group been acquired at 1 January 2011, the directors of the Company have calculated depreciation of property, plant and equipment and amortisation of mining rights acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the preacquisition financial statements.

Pursuant to the Parksong S&P Agreement, the Vendor warranted the tin concentrate produced from the JV Assets for each of three anniversaries of 12 months from the Date of Completion shall not be less than 6,500 tonnes. The Group is entitled to claim for losses against the Vendor if the production volume did not meet the aforesaid level. Based on the latest production record, the management expects the total production volume of tin concentrate for the first anniversary from the Date of Completion shall below 6,500 tonnes. On 12 October 2011, the Group demanded a sum of USD2,059,897 from the Vendor for these damages based on their own estimate. However, the Vendor disagreed the claim and considered the shortfall is due to underperformance of the mining contractor and insufficient equipment being available for production. Furthermore, the Parksong S&P Agreement did not set out any terms as to how the compensation should be calculated. The contingent consideration arising from this acquisition, if any, cannot be estimated reliably.

43. DISPOSAL OF SUBSIDIARIES

As referred to in note 15, on Date of Disposal, the Group disposed of entire equity interests in Vitar Insulation to an independent third party at a consideration of HK$83,400,000 by cash. The Group discontinued its Manufacturing and Vitar Trading operations upon the disposal of Vitar Insulation.

Analysis of assets and liabilities over which control was lost:

	Date of Disposal HK$'000
Property, plant and equipment	57,872
Prepaid lease payments	6,643
Intangible assets	4,596
Deposits placed for a life insurance policy	2,050
Inventories	16,927
Trade receivables	55,691
Other receivables, prepayments and deposits	13,633
Bank balances and cash	7,648
Trade payables	(13,326)
Other payables, deposits received and accruals	(22,561)
Amounts due to related companies	(560)
Bank borrowings	(3,700)
Tax payable	(612)
Deferred tax liabilities	(280)
Net assets disposed of	124,021
Loss on disposal of subsidiaries	
Cash consideration	83,400
Net assets disposed of	(124,021)
Cumulative exchange differences in respect of net assets of Vitar Insulation reclassified from equity to profit or loss on loss of control of Vitar Insulation	13,999
Loss on disposal	(26,622)
Net cash inflow arising on disposal:	
Cash consideration	83,400
Consideration receivable (note)	(41,530)
Less: bank balances and cash disposed of	(7,648)
	34,222

Note: As at 31 December 2011, the consideration of HK$41,530,000 is yet to be settled by the counterparty and is included in other receivables. The consideration receivable is repayable before 15 June 2012 and is secured by 49.95% equity interests of Vitar Insulation with carrying amount of HK$55,747,000 as at 31 December 2011.

The impact of Vitar Insulation on the Group's results and cash flows in current and prior periods is disclosed in note 15.

44. OPERATING LEASES

The Group as lessee

Continuing operations

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2011 HK$'000	2010 HK$'000
Within one year	**3,289**	2,146
In the second to fifth year inclusive	**838**	2,325
	4,127	4,471

Operating lease payments represent rentals payable by the Group for office premises and staff quarters. Leases are negotiated and rentals are fixed for a lease term of two to three years.

45. COMMITMENTS

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

	2011 HK$'000	2010 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
— property, plant and equipment of the Group	**—**	160
— property, plant and equipment of JV Projects	**667**	—

As at 31 December 2011, 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 is given to a finance lessor jointly and severally with BMT.

46. LITIGATIONS

(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 JV Projects at the Date of Completion (the "First Litigation"). According to the 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. Details of such net payables to the Vendor of HK$97,614,000 are disclosed in note 32.

(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 46(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.

47. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund ("MPF") Scheme under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as at 31 December 2011 and 2010.

The Company's subsidiaries established in the PRC, in compliance with the applicable regulations of the PRC, participate in a state-managed retirement benefit scheme operated by the local government. The subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The employees for Mining operation are employed by BMTJV on behalf of YT Parksong Australia and BMT. These employees are members of a state-managed retirement benefit scheme in Australia (Superannuation fund). The Group is required to contribute a certain percentage of its payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

During the year ended 31 December 2011, the Group's share of total contributions to the retirement benefit schemes is approximately HK$8,347,000 (2010: HK$766,000).

48. RELATED PARTY TRANSACTIONS

During the year, the Group has entered into the following transactions with related parties:

	2011 HK$'000	2010 HK$'000
Proceeds from disposal of property, plant and equipment received from		
New Ocean (China) Limited ("New Ocean")	—	860
Grandeur (China) Limited ("Grandeur China")	—	17,000
Joy Success Corporation Limited ("Joy Success")	—	3,150
Major Business Limited ("Major Business")	—	3,060
	—	24,070
Proceeds from disposal of investment property received from New Ocean	—	7,040
Rentals paid to		
First Phoenix	**372**	336
Grandeur China	**216**	456
Joy Success	**150**	105
Major Business	**132**	119
	870	1,016
Sales of tin concentrate to YTATR (note)	**296,040**	—
Sales of tin concentrate to YTC (note)	**46,714**	—
Amount due from YTATR included in trade receivables	**26,313**	—

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.

48. RELATED PARTY TRANSACTIONS *(continued)*

New Ocean, Grandeur China, Joy Success and Major Business are companies wholly-owned by Vitar Development Holdings Limited, a company which has significant influence over the Company.

Sheration Limited is a company in which a former director of the Company has control.

Details of amounts due from and to related parties are set out in notes 27 and 34.

Compensation of key management personnel

The remuneration of members of key management including directors of the Company during the years was as follows:

	2011 HK$'000	2010 HK$'000
Short-term benefits	**6,371**	8,934
Contributions to retirement benefit scheme	**77**	121
Share-based payments expenses	**49,810**	—
	56,258	9,055

49. SHARE OPTION SCHEME

The Company's share option scheme ("Share Option Scheme") was approved and adopted by the written resolutions of the shareholder of the Company passed on 21 October 2008, to recognise and acknowledge the contributions of selected participants to the growth of the Group.

The Board of Directors (the "Board") may, in its absolute discretion, offer to grant options to any employee, executive and officer of the Group, any director (including non-executive director and independent non-executive director) and any adviser, consultant, supplier, customer and/or agent of the Group whom the Board considered have contributed or will contribute to the Group.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 10% of the total number of shares in issue as at the date on which the shares of the Company are listed on the Stock Exchange. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised at any time under the Stock Option Scheme shall not exceed 30% of the shares in issue of the Company from time to time.

The total number of shares issued and which fall to be issued upon the exercise of the options granted under the Share Option Scheme (including both exercised and outstanding options) to any individual in any 12-month period up to the date of offer to grant shall not exceed 1% of the shares of the Company in issue as at the date of offer to grant. Any further grant of options in excess of this 1% limit shall be subject to issuance of a circular by the Company and approved by the Company's shareholders in accordance with the Share Option Scheme. Options granted to connected persons in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

49. SHARE OPTION SCHEME *(continued)*

Subject to the rules of the Share Option Scheme, options may be exercised, in whole or in part, at any time during the period from the date of acceptance of an offer of the grant of such option to the earlier of the date on which such option lapses and the tenth anniversary of the Share Option Scheme. Options granted must be accepted by the prescribed acceptance date. Upon acceptance of the option, the grantee shall pay HK$1 to the Company by way of consideration for the grant.

The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the share, the closing price of the Company's shares on the date of offer; and the average closing price of the shares for the five business days immediately preceding the date of offer.

The table below discloses movement of the Company's share options held by the Group's directors and employees:

	Outstanding 1 January 2010 and 31 December 2010 HK$'000	Granted during the year HK$'000 (note iii)	Forfeited during the period HK$'000	Cancelled during the year HK$'000 (note iv)	Outstanding as at 31 December 2011 HK$'000
Director					
Mr. Cheng Hau Yan	—	25,000,000	—	(25,000,000)	—
Mr. Chen Liang (note i)	—	10,000,000	(10,000,000)	—	—
Mr. Li Xianghong (note ii)	—	10,000,000	(10,000,000)	—	—
Employees	—	30,000,000	—	(30,000,000)	—
Consultant (note v)	—	35,000,000	(10,000,000)	(25,000,000)	—
	—	110,000,000	(30,000,000)	(80,000,000)	—

Notes:

(i) Mr. Chen Liang resigned as director of the Company on 1 August 2011 and his share options were then forfeited.

(ii) Mr. Li Xianghong resigned as director of the Company on 1 April 2011 and his share options were then forfeited.

(iii) 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.

(iv) On 19 September 2011, all grantees agreed with the Company to cancel all share options granted to them. No outstanding share options are issued but not exercise thereafter.

(v) An individual resigned as consultant of the Company on 15 March 2011 and its share options were then forfeited.

49. SHARE OPTION SCHEME *(continued)*

Fair value of share options granted is expensed over the vesting period, with a corresponding adjustment to the Group's share option reserve. For the year ended 31 December 2011, an amount of share option expenses of HK$70,131,000 (2010: nil) has been recognised with a corresponding adjustment recognised in the Group's share option reserve.

The fair values of share options grated on 17 January 2011 determined at the date of grant using the Black-Scholes option pricing model was HK$94,132,000.

The following assumptions were used to calculate the fair values of share options:

Share price (Note i)	HK$1.650
Exercise price	HK$1.704
Expected life of options (Note ii)	10 years
Expected volatility (Note iii)	60.108%
Expected dividend yield	0%
Risk free rate	2.739%

The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price. The changes in subjective input assumptions can materially affect the fair value estimate.

Notes:

(i) The share price represented the Company's share price at the date of grant of share options.

(ii) The expected options life is 10 years.

(iii) The expected volatility was determined by calculating the historical volatility of the Company's share price over three years immediately before the date of grant.

50. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2011, the Company disposed entire equity interest in Vitar Insulation at a consideration of HK$83,400,000 as detailed in note 43. The consideration of HK$41,530,000 is yet to be settled by the counterparty and is included in other receivables as at 31 December 2011.

As detailed in note 42, part of the purchase consideration of entire equity interest in Parksong in 2011 was satisfied by the issue of Convertible Bonds with principal amount of HK$773,500,000. Also, a convertible bond with the principal amount of HK$33,000,000 has not been issued at the Date of Completion, until certain conditions have been met (details as stated in note 42). This unpaid convertible bond was considered as contingent consideration payable and was designated as financial liabilities at fair value through profit or loss as at end of the reporting period.

51. 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 exercise. In the opinion of the directors of the Company, management would like to resolve the matter expeditiously and thus the Company is prepared to repay Vendor the principal amount of Convertible Bonds the Vendor purported to exercise in February 2012. After the payment as stated above, the Company obtained a notice from the Vendor's solicitor that the amount claimed by the Vendor was decreased from HK$597,000,000 to HK$579,900,000 following the repayment.

52. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2011 **HK$'000**	2010 HK$'000
Investments in subsidiaries	**136,305**	2,201
Amounts due from subsidiaries	**676,634**	392,683
Other receivables and payables	**42,020**	625
Bank balance and cash	**—**	63
Other payables and accruals	**(2,204)**	(32)
Financial liabilities at FVTPL	**(20,400)**	—
Convertible bonds	**(361,026)**	—
Total assets	**471,329**	395,540
Share capital	**14,400**	14,400
Reserves	**456,929**	381,140
Total equity	**471,329**	395,540

53. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries as at 31 December 2011 and 2010 are as follows:

Name of the subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital 2010	Proportion of ownership interest held by the Company Directly 2011	Directly 2010	Indirectly 2011	Indirectly 2010	Principal activities
Vitar Hong Kong	Hong Kong	HK$10,000,000	**—**	—	**—** **(note 1)**	100%	Trading of insulated sleeving, tubes, wires and mica sheets
Alpha Allied Investments Limited	Hong Kong	HK$1	**100%**	100%	**—**	—	Provision of administrative services to group companies
Leader Tech Limited	Hong Kong	HK$10,000	**—**	—	**—** **(note 1)**	100%	Investment holding
Ever Success Global Holdings Limited	The British Virgin Islands (the "BVI")	USD$100	**100%**	100%	**—**	—	Inactive
Gallop Pioneer Limited	The BVI	USD100	**100%**	100%	**—**	—	Investment holding
Vitar Insulation Holdings Limited	The BVI	USD1,001	**—** **(note 1)**	100%	**—**	—	Investment holding
威達絕緣材料（深圳）有限公司# Vitar Insulation Material (Shenzhen) Limited+	The PRC	HK$2,000,000	**—**	—	**—** **(note 1)**	100%	Manufacturing and trading of insulated sleeving, tubes, wires and mica sheets
龍川威達絕緣材料有限公司# Long Chuan Weida+	The PRC	USD9,000,000	**—**	—	**—** **(note 1)**	100%	Manufacturing and trading of insulated sleeving, tubes, wires and mica sheets
威達電工器材（龍川）有限公司#	The PRC	HK$12,000,000	**—**	—	**—** **(note 1)**	100%	Manufacturing and trading of insulated sleeving, tubes, wires and mica sheets
萬嘉世紀貿易（深圳）有限公司#	The PRC	HK$50,000,000	**—**	—	**100%**	100%	Trading of titanium concentrate
Parksong	Hong Kong	HK$10,000	**—**	—	**100%** **(note 2)**	—	Investment holding
YunnanTin Hong Kong (Holdings) Group Co., Limited	Hong Kong	HK$10,000	**—**	—	**82%** **(note 2)**	—	Investment holding

53. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(continued)*

Name of the subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital 2010	Proportion of ownership interest held by the Company Directly 2011	Directly 2010	Indirectly 2011	Indirectly 2010	Principal activities
YTParksong Australia	Australia	AUD1	—	—	**82% (note 2)**	—	Exploration, development and mining of tin ores in Australia
YTParksong Australia Management Pty. Limited	Australia	AUD1	—	—	**82% (note 2)**	—	Inactive
Goodtop Institute of Tin Research Limited	The BVI	USD1,000	—	—	**100%**	—	Inactive

Wholly foreign owned enterprise registered in the PRC.

+ The English names of these entities established in the PRC are for identification purpose only.

Notes:

(1) These subsidiaries were disposed during the year ended 31 December 2011. Details refer to note 43.

(2) These subsidiaries were acquired during the year ended 31 December 2011. Details refer to note 42.

None of the subsidiaries had issued any debt securities at the end of the year or during the year.

Financial Summary

RESULTS

	Year ended 31 December				
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue					
Continuing operations	—	—	—	—	**355,626**
Discontinuing operations	204,540	193,890	134,586	207,350	**231,286**
	204,540	193,890	134,586	207,350	**586,912**
Profit (loss) attributable to owners of the Company	24,253	6,210	(12,738)	(12,756)	**(733,490)**

ASSETS AND LIABILITIES

	As at 31 December				
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	219,383	241,121	210,172	549,972	**1,184,133**
Total liabilities	78,950	68,591	57,727	51,690	**729,623**
Total equity	140,433	172,530	152,445	498,282	**454,510**

Note:

The Company was incorporated in the Cayman Islands on 22 January 2008 and became the holding company of the Group on 21 October 2008 as a result of a group reorganisation as set out in the prospectus dated 30 October 2008 issued by the Company (the "Prospectus").

The results of the Group for each of the four years ended 31 December 2008 and the assets and liabilities of the Group as at 31 December 2007 have been prepared on a combined basis as if the Group structure, at the time when the Company's shares were listed on The Stock Exchange of Hong Kong Limited, had been in existence throughout the years concerned and have been extracted from the Prospectus.