綠科科技
Greentech

Greentech Technology International Limited
綠科科技國際有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00195)

Annual Report 2018

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. LI Dong *(Chairman)*
Mr. NIE Dong *(Chief Executive Officer)*
Mr. CHEUNG Wai Kuen
Mr. WANG Chuanhu
Ms. XIE Yue

Non-executive Director

Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P
(appointed on 20 March 2018)

Independent Non-executive Directors

Mr. CHI Chi Hung, Kenneth
Mr. James MUNN (removed on 19 January 2018)
Mr. ZENG Jin (appointed on 1 March 2018)
Mr. TAN Kuang Hwee (appointed on 10 May 2018 and resigned on 1 December 2018)
Mr. CHOW Wing Chau (appointed on 6 November 2018)

COMPANY SECRETARY

Mr. WONG Tak Shing

AUTHORISED REPRESENTATIVES

Mr. NIE Dong
Mr. WONG Tak Shing

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

AUDITOR

Deloitte Touche Tohmatsu

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite No. 1B on 9/F, Tower 1
China Hong Kong City
33 Canton Road
Tsim Sha Tsui
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
Royal Bank House — 3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

00195

COMPANY WEBSITE

www.green-technology.com.hk

Chairman Statement

Dear Shareholders:

On behalf of the Board of Directors (the "Board"), I hereby present the annual report of Greentech Technology International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2018.

During the year, the global economy faced downside risks arising from the uncertainties surrounding the likes of continued trade dispute between China and the U.S., the continued chaos of Brexit and the rising global trade protectionist sentiment. Fortunately, China and the U.S. resumed negotiation towards the end of year, stabilising the global economic development as uncertainties began to subside.

As regards non-ferrous metal industry, global consumption of non-ferrous metal steadily increased during the first half of 2018 with the prices of most metals rising. However, the China-U.S. trade war crippled the commodity market, leading to a slight drop in global metal consumption in the second half of the year. In comparison, demand for tin metal remained stable. According to the data from International Tin Association ("ITA"), tin metal consumption in 2018 increased by 2.5% year-on-year, which exceeded market expectation. Meanwhile, the decline in supply from the tin mine in Myanmar created a supply-demand gap in the tin market, thus driving up the tin price. Annual average tin price witnessed a moderate growth of 0.3% as compared to the previous year.

In 2018, total production volume of tin metal of the Renison underground mine was 6,557 tonnes (2017: 7,083 tonnes), representing a year-on-year decrease of approximately 7.4%. YT Parksong Australia Holding Pty Limited, an indirectly non-wholly owned subsidiary of the Company which has 50% interest in the Renison underground mine, was entitled to 3,279 tonnes of tin metal (2017: 3,542 tonnes) available for sale. The tin metal production decreased during the year as the grade of ore excavated in the first three quarters was lower, and production volume of tin metal in the second quarter was underwhelming.

For the year ended 31 December 2018, revenue of the Group recorded a 0.7% increase to HK$431,969,000. Annual gross profit was HK$14,544,000 (gross profit margin: approximately 3.4%), compared to annual gross profit HK$52,275,000 in 2017 (gross profit margin: approximately 12.2%). The Group's audited consolidated profit attributable to the Company's shareholders for the year ended 31 December 2018 amounted to HK$39,345,000 (2017: profit of HK$25,402,000). The increase was attributable to an increase in the reversal of impairment loss recognised on property, plant and equipment and exploration and evaluation assets in current year.

In 2018, the Renison underground mine continued exploration to discover potential tin resources and reserves. According to the mine's estimation reports as at 31 December 2018 and 31 December 2017, total mineral resources of the Renison underground mine increased by 10% year-on-year as at the end of 2018 (from 14,974,000 tonnes to 16,437,000 tonnes) and the total ore reserves was 6,822,000 tonnes, similar to the previous year (2017: 6,821,000 tonnes). Abundant amount of resources and reserves provides a solid base for production expansion.

In addition, the construction of new purpose-built three-stage crushing, screening and ore sorting plant in the Renison underground mine was completed in June 2018, and trial operation commenced in the third quarter. Although the plant is still under trial operation, its completion is expected to improve production capacity and bring additional flexibility in operation, thereby facilitating the Group's development in the long run.

Looking forward to 2019, with the influence of the trade war, demand for tin metal from the largest tin consumer – China, is expected to drop slightly. Fortunately, since the tin metal consumption of other regions is likely to increase, overall global consumption will remain relatively stable. For the first two months of 2019, tin price saw a significant increase as compared to the fourth quarter last year.

The Renison underground mine has rich resources and reserves, and the Group has successfully discovered Area 5 and Leatherwood Trend within Renison mine contain very significant zones of high-grade ore at the end of 2018 and in February 2019. We will double our efforts in conducting exploration in order to fully discover the resource potential of the mine and gain better information on the estimated reserves of high-grade ore within the mine. The Group will also strive to fully utilise the newly added ore sorting machine to increase production capacity with multi-pronged approach. In general, we are confident in the long-term development of the tin mining industry. Together with our partners, we will keep improving the operation management and production efficiency of the Renison underground mine so as to bring positive contribution to the Group.

On behalf of the Board, I would like to express our sincere gratitude to management, clients, suppliers, business partners and staff for their dedication and contribution in the past year. The Group will continue to strive for sustainable and high-quality development to bring fruitful returns to investors and shareholders.

Li Dong
Chairman

Management Discussion and Analysis

MARKET REVIEW

In 2018, instability in geopolitics brought uncertainties to the market and led to an underperforming global economy. Fortunately, global demand for tin metal remained stable, allowing the tin metal industry to maintain its positive growth momentum. According to the data from International Tin Association, tin metal global consumption in 2018 experienced an unexpected growth of 2.5% as compared to the previous year. However, the disruption in tin supplies in Myanmar, which is one of the world's major suppliers of tin metals, perplexing the supply of tin metals.

The annual average tin cash settlement price of London Metal Exchange (LME) was USD20,153 per tonne for the year ended 31 December 2018 (2017: USD20,085 per tonne), representing a year-on-year rise of 0.3%.

BUSINESS REVIEW

The Group's performance during the year was mainly affected by tin price, Australian dollars ("AUD") and United States dollars ("USD") exchange rate and production efficiency.

In 2018, total production volume of tin metal of the Renison underground mine was 6,557 tonnes (2017: 7,083 tonnes), representing a year-on-year decrease of approximately 7.4%. The decrease in production volume was due to the relatively lower grade of ore excavated in the first three quarters. YT Parksong Australia Holding Pty Limited, an indirectly non-wholly owned subsidiary of the Company which has 50% interest in the Renison underground mine, was entitled to 3,279 tonnes of tin metal (2017: 3,542 tonnes) available for sale.

For the year ended 31 December 2018, revenue of the Group recorded a 0.7% increase to HK$431,969,000. Annual gross profit was HK$14,544,000 (gross profit margin: approximately 3.4%), compared to annual gross profit HK$52,275,000 in 2017 (gross profit margin: approximately 12.2%). The Group's audited consolidated profit attributable to the Company's shareholders for the year ended 31 December 2018 amounted to HK$39,345,000 (2017: profit of HK$25,402,000). The increase was attributable to an increase in the reversal of impairment loss recognised on property, plant and equipment and exploration and evaluation assets in current year.

The Group continued exploration work in the Renison underground mine in 2018 to discover potential tin resources and reserves. When comparing its estimates of mineral resources and reserves as at 31 December 2018 and 31 December 2017 in the mine's estimation reports, the total mineral resources of the Renison underground mine increased by 10% year-on-year (from 14,974,000 tonnes to 16,437,000 tonnes) and the total ore reserves was 6,822,000 tonnes, similar to the previous year (2017: 6,821,000 tonnes). Such abundant amount of resources and reserves provides a solid foundation for production expansion.

In June 2018, the construction of the new purpose-built three-stage crushing, screening and ore sorting plant has been completed, trial operation commenced in the third quarter. Commissioning process has been carrying out according to its performance. The mining of higher grade ore for processing, along with the improved efficiency of the new purpose built plant, increased tin metal production from 1,616 tonnes in the third quarter to 1,798 tonnes in the fourth quarter, representing a 11% increase.

PROSPECT

Looking forward to 2019, the data from late 2018 and this year's February has shown that Area 5 and Leatherwood Trend within the Renison mine contain very significant zones of higher grade mineralisation, offering better chances to locate higher grade ore. The Group will actively conduct excavation work in the Renison underground mine in order to fully utilise the resource potential of the mine and produce a better estimate of reserves of higher grade ore within the mine.

As the Group excavates higher grade ore in the Renison underground mine, and the new ore sorting machine commences operation, the tin metal production of the Renison underground mine is expected to be benefited. The Renison underground mine recorded its highest monthly tin metal production ever in January 2019. In the future, the Group will target more on mining higher grade ore in the Renison underground mine, while continuously adjusting the ore sorting machine, in order to raise tin metal production and strive for better returns.

In addition, the Group continues to cement its close business partnership with its long-term business partner Yunnan Tin Group Company Limited ("Yunnan Tin PRC"). In 2019, The Group signed an agreement with Yunnan Tin Australia TDK Resources Pty Ltd. ("YTATR"), a wholly-owned subsidiary of Yunnan Tin PRC on the renewal of tin supply contract through YT Parksong Australia Holding Pty Limited ("YTPAH"). The Group will receive stable income by providing tin concentrates to Yunnan Tin PRC until January 2022.

Looking forward, the Group is optimistic with the long-term development of the tin mining industry, and will strive for better returns through seizing market opportunities, and stimulating its business development by enhancing operation management and production capacity of the mine.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a responsible miner, the Group is committed to protecting the environment. Apart from complying with relevant laws and regulations, we also developed an Environmental Management System and set up the environmental commitments, in relation to discharges into air and water, waste management and rehabilitation plan, to minimise our environmental footprints. An environmental review is conducted annually to review the situation of the Renison mine and monitor the progress of various environmental commitments for continuous improvement.

The Group also strives to reduce the use of energy, and thereby reduce greenhouse gas emissions within its operation. At our office in Hong Kong, we implemented green office practices such as reminding our staff to turn off all electrical appliances before leaving the office. The Group will continue to look for opportunities to reduce the energy used on-site and at the offices.

For more details, please refer to the Environmental, Social and Governance Report for the year 2018 issued by the Company.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2018, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

RELATIONSHIPS WITH STAKEHOLDERS

The Group maintains a good relationship with its employees, customers and suppliers:

Employees: Understanding the importance of our employees, and strive to maintain the talent through provision of fair and competitive remuneration package, safe working environment and individual development support.

Customers: Maintaining a good relationship with its sole customer, YTATR, and has signed a 3-year contract for the sales of tin concentrate in the financial year of 2019.

Suppliers: Maintaining a long-term relationship with its existing suppliers. New suppliers are engaged in case of the goods and services cannot be obtained from existing suppliers or significant advantage (e.g. cost or quality) is offered by the new suppliers.

For more details, please refer to the Environmental, Social and Governance Report for the year 2018 issued by the Company.

KEY RISKS AND UNCERTAINTIES

The Group's financial conditions, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but can turn out to be material in the future.

Market Risks

Market risk is the risk that adversely affects profitability or ability to meet business objectives arising from the movement in market prices, such as tin metal price, copper metal price and exchange rate. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Foreign Exchange Rate Risks

As the Group's assets and liabilities were mainly denominated in Australian Dollars, in view of the potential fluctuations in the Australian Dollars exchange rate, the Group will continue to closely monitor the exposure and take appropriate actions when necessary.

Business Risks

Performance of the Group's principal activities will be affected by various factors, including but not limited to economic conditions, unforeseeable rock burst events at the Renison underground mine and the metal content of the ore, and the effect of such factors may not be mitigated even when the appropriate preventive or corrective measures have been taken in response to the various events.

Joint Venture Partner Risks

The principal activities of the Group are conducted through joint venture in which the Group shares control with the joint venture partner. There is no assurance that the joint venture partner will continue its relationship with the Group in the future or its goals or strategies will remain in line with the Group. The joint venture partner may have their own business interests or goals which are different from the Group. They may experience financial and other difficulties or may be unable to fulfill their obligations under the joint venture which may thereby affect the Group's business and operations.

FINANCIAL REVIEW

Revenue

The Group's audited consolidated revenue for the year ended 31 December 2018 amounted to approximately HK$431,969,000 (2017: HK$428,938,000), an increase of 0.7% from that of last year. The Group's revenue increased due to an increase in tin price during the year.

Cost of sales

Cost of sales mainly included direct material costs, direct labour costs and manufacturing overhead absorbed during the production process of our products. It was approximately HK$417,425,000 for the year ended 31 December 2018 (2017: HK$376,663,000), representing 96.6% of the revenue recorded in the corresponding year (2017: 87.8%).

Gross profit

The Group had a gross profit of approximately HK$14,544,000 (2017: HK$52,275,000) with gross profit margin of 3.4% for the year ended 31 December 2018 (2017: 12.2%). Decrease in gross profit was mainly due to the increase in depreciation and amortisation expenses and staff costs during the year.

Administrative expenses

Administrative expenses, which represented approximately 9.4% of the Group's revenue, increased by approximately 31.2% from HK$31,080,000 for the year ended 31 December 2017 to approximately HK$40,783,000 for the year ended 31 December 2018.

Finance costs

Finance costs represented 1.2% of the Group's revenue in this year, decreased from HK$14,195,000 for the year ended 31 December 2017 to HK$5,027,000 for the year ended 31 December 2018. Decrease was mainly due to decrease in interest on other borrowing.

Profit for the year

The Group's audited consolidated profit attributable to the Company's shareholders for the year ended 31 December 2018 amounted to HK$39,345,000 (2017: HK$25,402,000). Increase in profit was mainly due to an increase in the reversal of impairment loss recognised on property, plant and equipment and exploration and evaluation assets in current year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations through internally generated cash flows and borrowings. As at 31 December 2018, the Group did not have any bank facilities but had obligation under finance leases of approximately HK$23,594,000 (2017: HK$42,046,000) and other borrowing from a shareholder of the Company of approximately HK$56,580,000 (2017: HK$59,793,000). The gearing ratio of the Group, calculated as a ratio of total liabilities to total assets, was 38.3% as at 31 December 2018 (2017: 39.4%).

As at 31 December 2018, the Group had net current assets of approximately HK$58,175,000 (2017: HK$60,642,000). Current ratio as at 31 December 2018 was 1.3 (2017: 1.3). The bank and cash balance of the Group as at 31 December 2018 was approximately HK$142,137,000 (2017: HK$190,441,000).

The Company and certain subsidiaries of the Company have bank balances, trade receivables, other payables and accruals, other receivables and deposits, other borrowings, sales and purchases denominated in foreign currencies which expose the Group to foreign currency risk.

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

CHARGES OF ASSETS

As at 31 December 2018, our obligation under finance leases of HK$23,594,000 (2017: HK$42,046,000) was secured by property, plant and equipment with the net carrying value of approximately HK$28,900,000 (2017: HK$38,617,000).

CONTINGENT LIABILITIES

As at 31 December 2018, except for the litigations as set out in the litigations section of this report, the Group did not have any significant contingent liabilities.

CAPITAL AND OTHER COMMITMENTS

The Group had capital and other commitments amounted to HK$16,021,000 as at 31 December 2018 (2017: HK$17,958,000). Please refer to note 32 to the consolidated financial statements for details.

SIGNIFICANT INVESTMENTS

For the year ended 31 December 2018, capital expenditure of the Group for property, plant and equipment amounted to approximately HK$75,748,000 (2017: HK$103,585,000). As at 31 December 2018, the Group's equity security listed in Hong Kong with fair value amounted to approximately HK$1,015,000 (2017: HK$2,820,000).

MATERIAL ACQUISITION AND DISPOSAL

There were no material acquisition and disposal during the year 2018.

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 the Scheme include, without limitation, employees, Directors, shareholders and any other eligible persons of the Group.

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 are exercisable 10 years from 18 July 2011 and 50% of options are 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 80,000,000 share options granted to them and 30,000,000 share options lapsed due to the resignations of the relevant employees and consultants. No share options have been issued thereafter.

The Scheme expired on 21 October 2018, there was no share option granted or outstanding before the expiration of the Scheme. The Company has not adopted any new share option scheme after the expiration of the Scheme.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2018, the Group employed approximately 31 employees (2017: 27). The Group implemented its remuneration policy, bonus and share option scheme based on achievements and performance of the employees. The share option scheme expired on 21 October 2018, and the Company has not adopted any new share option scheme afterward. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong and stated-managed retirement benefit scheme in the People's Republic of China (the "PRC"). The employees for mining operation are employed by BMTJV on behalf of YT Parksong Australia Holding Pty Limited ("YTPAH") and Bluestone Mines Tasmania Pty Limited ("BMT"). These employees of BMTJV and the employees of YTPAH 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.

MINES INFORMATION

Renison Tin Project

Renison Mine located in Tasmania has been one of the major hard rock tin mines in the world and is the Australia's largest primary tin producer. Tin mining has been carried out at or near Renison since alluvial tin was discovered in 1890. Over the operational history, the mine was owned by several operators. In May 2003, the operation was suspended and BMT purchased the mine in 2004 and commenced redevelopment of the mine. After the acquisition of BMT by Metals X Limited ("Metals X"), the mine restarted in 2008. In March 2010, YTPAH completed the acquisition of 50% in BMT's assets. Under the joint venture agreement between YTPAH and BMT, an unincorporated joint venture ("JV") as a cooperative operator and an incorporated joint venture, BMTJV, as a manager to the JV, were formed by both parties on a 50:50 basis. In March 2011, the Company acquired the entire interest of Parksong. Parksong indirectly holds 82% interest of YTPAH and Yunnan Tin PRC indirectly holds 18% interest of YTPAH. The Company has participated in the management of the JV through the interest held in YTPAH. YTPAH is an indirectly non-wholly owned subsidiary of the Company. BMT is a wholly-owned subsidiary of Metals X which is a company listed on the Australian Securities Exchange.

The Renison Tin Project is based on BMT's assets consists of (1) the Renison Bell mine, concentrator and infrastructure ("Renison underground mine"), (2) the Mount Bischoff open-cut tin project ("Mount Bischoff") and (3) the Renison tailings retreatment project ("Rentails").

After the mining contract with the contractor 'Barminco' expired on 31 March 2016, BMTJV established its own operation team. In order to ensure a smooth handover of the mining operation, BMTJV extended the mining contract to 30 April 2016. From 1 May 2016, BMTJV started its own operation of mining activities.

As per the 2012 Australian Joint Ore Resources Committee ("JORC") reporting guidelines, a summary of the material information used to estimate the Mineral Resource of Renison underground mine is as follows:

Drilling Data

The bulk of the data used in resource estimations at Renison underground mine has been gathered from diamond core. Three sizes have been used historically NQ2 (45.1mm nominal core diameter), LTK60 (45.2mm nominal core diameter) and LTK48 (36.1mm nominal core diameter), with NQ2 currently in use. This core is geologically logged and subsequently halved for sampling. Grade control holes may be whole-cored to streamline the core handling process if required.

Each development face/round is horizontally chip sampled at Renison underground mine. The sampling intervals are limited by geological constraints (e.g. rock type, veining and alteration/sulphidation etc.). Samples are taken in a range from 0.3m to a maximum of 1.2m in waste/mullock.

All data is spatially oriented by survey controls via direct pickups by the survey department. Drillholes are all surveyed downhole, currently with a GyroSmart tool in the underground environment at Renison underground mine, and a multishot camera for the typically short surface diamond holes.

Drilling in the underground environment at Renison is nominally carried-out on 40m x 40m spacing in the south of the mine and 25m x 25m spacing in the north of the mine prior to mining occurring. A lengthy history of mining has shown that this sample spacing is appropriate for the Mineral Resource estimation process.

Sampling/Assaying

Drill core is halved for sampling. Grade control holes may be whole-cored to streamline the core handling process if required.

Samples are dried at 90ºC, then crushed to <3mm. Samples are then riffle split to obtain a sub-sample of approximately 100g which is then pulverised to 80% passing 291um. 2g of the pulp sample is then weighed with 12g of reagents including a binding agent, the weighed sample is then pulverised again for one minute. The sample is then compressed into a pressed powder tablet for introduction to the X-Ray fluoresce. This preparation has been proven to be appropriate for the style of mineralisation being considered.

QA/QC is ensured during the sub-sampling stage process via the use of the systems of an independent NATA/ISO accredited laboratory contractor.

Geology/Geological Interpretation

Renison underground mine is one of the world's largest operating underground tin mines and Australia's largest primary tin producer. Renison underground mine is the largest of three major skarn, carbonate replacement, pyrrhotite-cassiterite deposits within western Tasmania. The Renison underground mine area is situated in the Dundas Trough, a province underlain by a thick sequence of Neoproterozoic-Cambrian siliciclastic and volcaniclastic rocks. At Renison underground mine, there are three shallow-dipping dolomite horizons which host replacement mineralisation. The Federal Orebody Mining has occurred since 1800's providing a significant confidence in the current geological interpretation across all projects. No alternative interpretations are currently considered viable. Geological interpretation of the deposit was carried out using a systematic approach to ensure that the resultant estimated Mineral Resource figure was both sufficiently constrained, and representative of the expected sub-surface conditions. In all aspects of resource estimation, the factual and interpreted geology was used to guide the development of the interpretation.

Renison underground mine has currently been mined over a strike length of >1,972m, a lateral extent of >1,486m and a depth of over 1,260m.

Database

Drillhole data is stored in a Maxwell's DataShed system based on the Sequel Server platform which is currently considered "industry standard".

As new data is acquired, it passes through a validation approval system designed to pick up any significant errors before the information is loaded into the master database. The information is uploaded by a series of Sequel routines and is performed as required. The database contains diamond drilling (including geotechnical and specific gravity data), face chip and sludge drilling data and some associated metadata.

Estimation and modelling techniques

All modelling and estimation work undertaken by BMTJV is carried out in three dimensions via Surpac Vision.

After validating the drillhole data to be used in the estimation, interpretation of the orebody is undertaken in sectional and/or plan view to create the outline strings which form the basis of the three dimensional orebody wireframe. Wireframing is then carried out using a combination of automated stitching algorithms and manual triangulation to create an accurate three dimensional representation of the sub-surface mineralised body.

Once the sample data has been composited, a statistical analysis is undertaken to assist with determining estimation search parameters, top-cuts etc. Variographic analysis of individual domains is undertaken to assist with determining appropriate search parameters which are then incorporated with observed geological and geometrical features to determine the most appropriate search parameters.

Grade estimation utilising the ordinary kriging method. By-product and deleterious elements are estimated at the time of primary grade estimation.

The resource is then depleted for mining voids and subsequently classified in line with JORC guidelines utilising a combination of various estimation derived parameters and geological/mining knowledge.

Estimation results are validated against primary input data, previous estimates and mining output. Good reconciliation between mine claimed figures and milled figures is routinely achieved.

Tonnage estimates are dry tonnes.

Cut-Off Grade

The resource reporting cut-off grade is 0.7% Sn at Renison underground mine based on economic assessment and current operating and market parameters.

Metallurgical and Mining Assumptions

Mining assumptions are based upon production results achieved in the currently operating Renision underground mine. The current underground mining methods employed at Renison underground mine are considered applicable to the currently reported resource.

Metallurgical assumptions are based upon a significant history of processing Renison material at the currently operating Renison Underground Concentrator and supported by an extensive history of metallurgical test-work.

Classification

Resources are classified in line with JORC guidelines utilising a combination of various estimation derived parameters, the input data and geological/mining knowledge. This approach considers all relevant factors and reflects the Competent Person's view of the deposit.

In general Measured material has been operationally developed, Indicated material is drilled to 40 m centres in the south of the mine and 25m centres in the north of the mine, while Inferred material is drilled at greater spacings.

Estimated Tin and Copper Reserves and Resources

For the period ended 31 December 2018, 472 core holes with NQ2 for 61,156 meters of core holes in total has been drilled for exploration purpose and the drilling program had effectively increased the amount of indicated resources and probable reserves.

It discovered that Area 5 and Leatherwood Trend within Rension mine contain high-grade ore at the end of 2018, therefore the resources and reserves estimates will be updated in the June quarter 2019.

As of 31 December 2018, the JORC compliant resources and reserves of Renison underground mine are categorised as follows:

Updated Resource and Reserve Estimates for Renison underground mine as at 31 December 2018

	TIN			COPPER		
CATEGORY	**Tonnage** (kt)	**Grade** (%Sn)	**Sn Metal** (t)	**Tonnage** (kt)	**Grade** (%Cu)	**Cu Metal** (t)
Resources						
Measured	1,540	1.69	25,948	1,540	0.36	5,537
Indicated	7,142	1.30	92,727	6,948	0.28	19,658
Inferred	7,755	1.25	96,980	7,748	0.11	8,743
Total	**16,437**	**1.31**	**215,655**	**16,236**	**0.21**	**33,938**
Reserves						
Proven	1,310	1.29	16,935	1,310	0.33	4,282
Probable	5,512	0.94	51,848	5,512	0.20	10,895
Total	**6,822**	**1.01**	**68,783**	**6,822**	**0.22**	**15,177**

During the year under review, an extensive exploration and resources development drilling campaign targeting underground targets was conducted over Renison underground mine. 1,413 meters of capital development and 3,376 meters of operating development were advanced during the period. 6,557 tonnes of tin metal was produced from Renison underground mine and 0 tonne from Mount Bischoff, and processed ores averaged 1.23% Sn. No development or recovery production activities were carried out for Rentails.

For the year ended 31 December 2018, a total of approximately HK$90,417,000 capital expenditure was incurred for exploration, development or production activities. The details of the expenditure are shown below:

Operating Expenses for the year ended 31 December 2018

Included	**HK$'000**
Mining costs	122,883
Processing costs	82,481
Royalty	12,112
Transportation	2,010
Depreciation	142,373
Others	55,566
Total	417,425

Finance costs for the year ended 31 December 2018

	HK$'000
Interests on obligations under finance leases	1,485

Capital Expenditure for the year ended 31 December 2018

Addition	**HK$'000**
Property, Plant and Equipment	75,748
Exploration and Evaluation Assets	14,669
Total	90,417

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

Total Resource and Reserve Estimates as at 31 December 2018

	TIN			COPPER		
CATEGORY	**Tonnage** (kt)	**Grade** (%Sn)	**Sn Metal** (t)	**Tonnage** (kt)	**Grade** (%Cu)	**Cu Metal** (t)
Resources						
Renison underground mine	16,437	1.31	215,655	16,236	0.21	33,938
Mount Bischoff	1,667	0.54	8,981	—	—	—
Rentails	23,886	0.44	104,370	23,886	0.22	52,714
Total	**41,990**	**0.78**	**329,006**	**40,122**	**0.22**	**86,652**
Reserves						
Renison underground mine	6,822	1.01	68,783	6,822	0.22	15,177
Mount Bischoff	—	—	—	—	—	—
Rentails	22,313	0.44	98,930	22,313	0.23	50,668
Total	**29,135**	**0.58**	**167,713**	**29,135**	**0.23**	**65,845**

The above information that relates to Mineral Resources report has been compiled by BMTJV technical employees under the supervision of Mr. Colin Carter ("Mr. Carter") B.Sc. (Hons), M.Sc. (Econ. Geol), MAusIMM. Mr. Carter is a full-time employee of BMTJV and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Carter consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Renison Underground Mine

The Renison underground mine is one of underground tin mines in Australia and is located on the west coast of Tasmania, 140 kilometres ("km") south of the port of Burnie, 10km west of the mining town of Roseberry, and 16km northeast of Zeehan where BMTJV has an accommodation village with bulk of the workforce resided.

The mine is adjacent to the sealed Murchison Highway which connects Renison underground mine with Burnie on the north coast. The Emu Bay railway also runs adjacent to the mine and gives access to Burnie's shipping facilities, although Renison underground mine does not use the railway for its products, but rather loads the tin concentrate in 2 tonnes metal bins which are trucked to Burnie for containerising and export.

Conventional up-hole longhole stoping methods have incorporated with up-hole rising utilising a purpose built drill rig, thus eliminating the need for air-leg miners in underground mining. Though the Federal Deeps and Area 4 are focal areas of mining, small amounts on production were sourced from other areas to diversify the risk of having only 3 mining areas and to ensure that the isolated ore is mined economically (in conjunction with the "mainstay" ore). Apart from the Central Federal Bassets area being developed, opening up additional mining areas has reduced the site's risk profile arising from over-reliance on a certain area.

A new geological model was developed during the year that encompasses all of the Renison's resource and will enhance a full review of the mine.

In June 2018, the construction of new purpose-built three stage crushing, screening and are sorting plant was completed, and trial operation commenced in the third quarter 2018. Its completion is expected to improve production capacity and bring additional flexibility in operation.

Resource definition activities have been conducted in the Area 5 and Leatherwood Trend throughout 2018. It discovered these areas contain very significant zones of high-grade ore, and the Mineral Resource estimate will be updated during the June quarter 2019.

Mount Bischoff

Mount Bischoff, acted as an incremental field to supplement the Renison ore, was mined by open-cast techniques and hauled by road-train to the Concentrator where it was blended with feedstock from the Renison underground mine until July 2010 when the open pit was suspended and placed into care and maintenance as the reserve had been depleted. As such, there is no fixed or updated plan on re-opening of Mount Bischoff within a considerable period of time. In view of this, BMTJV has not made any updated mining plan for Mount Bischoff since March 2011.

Rentails

The Rentails is based on the retreatment of process tailings which have accumulated since the commencement of mining at Renison underground mine. It involves the retreatment of approximately 21 million tonnes of tailings with an average grade of 0.45% tin and 0.22% copper at Renison in a dedicated tailings concentrator, with concentrate processed in a tin fumer. The tin tailings are stored in tailings dams at Renison underground mine. The contained tin within these dams is approximately 84,000 tonnes, one of the largest tin resources in Australia. Additional construction capital has been estimated to be approximately AUD213 million +/–15% for the recovery of Rentails. In view of the significant capital requirement before the value of Rentails can be unlocked, the Company had not assigned any value to this Rentails in our accounting books at the date of completion of the acquisition of Parksong. However, the management of BMTJV inspected the Yunnan Tin PRC production plants in the PRC in late April of 2013, and had in-depth discussions on the technology and equipment of tailing treatment. To propel the Rentails project, BMTJV has appointed Yunnan Tin PRC to appraise the project and provide recommendation for their consideration. For the period ended 31 December 2018, the Company was of the view that Rentails should continue to carry zero value as the Group does not have any development plan and certainly would not have sufficient funding for this project in the foreseeable future.

Renewal of mining lease

The Mining Lease in respect of all the mining activities the Renison underground mine has been renewed and will expire on 1 August 2031.

MANAGEMENT AGREEMENT

Prior to the completion of the acquisition of Parksong by the Group, an agreement dated 1 December 2010 was signed by Mr. Chan Kon Fung purportedly on behalf of YTPAH with Yunnan Tin Australia TDK Resources Pty Limited ("YTATR"), a subsidiary of Yunnan Tin PRC in relation to the engagement of YTATR for the provision of certain production and operation management services for the Renison Tin Project. The Group has been disputing the validity of such agreement and does not admit that such agreement is binding on YTPAH. YTATR has requested YTPAH to pay a fee for management services rendered by it up to 31 December 2015.

YTPAH had entered into discussion with YTATR in order to facilitate the future cooperation between YTPAH and YTATR and settle all matters in relation to such agreement. However, there was no further progress on the discussion during the year.

As YTPAH is indirectly owned as to 82% by Parksong and as to 18% by Yunnan Tin PRC, Yunnan Tin PRC is a substantial shareholder of a subsidiary of the Company and therefore a connected person of the Company. The proposed settlement and new management arrangements, if materialised, will constitute connected transaction or continuing connected transaction of the Company and the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules. Further announcement will be made by the Company on the development of this matter as and when appropriate.

LITIGATIONS

HCA 1357/2011

The legal proceedings involves the disputes regarding the sale and purchase agreement dated 13 July 2010 (“Parksong S&P Agreement”) in relation to the sale and purchase of the entire issued share capital of Parksong Mining and Resource Recycling Limited (“Parksong”) signed between Mr. Chan Kon Fung (“Mr. Chan”) as the vendor, Gallop Pioneer Limited (“GPL”) as the purchaser and the Company being GPL’s parent company as the guarantor. The completion of the acquisition of Parksong took place on 4 March 2011 (“Completion Date”).

GPL and the Company were named as 1st Defendant and 2nd Defendant in a writ of summons with a Statement of Claim dated 11 August 2011 filed by Mr. Chan under High Court Action number 1357 of 2011 (“HCA 1357 Action”). Under the Statement of Claim, Mr. Chan alleged that GPL and the Company have breached the Parksong S&P Agreement by failing to make payment of AUD15,143,422.44 (equivalent to approximately HK$83,546,000), being the alleged amount of the “Receivables” which Mr. Chan alleged is entitled under the Parksong S&P Agreement (“Mr. Chan’s Claim”).

GPL and the Company denied Mr. Chan’s Claim and have made counterclaim against Mr. Chan for his breach of the respective terms and/or guarantees and/or warranties in the Parksong S&P Agreement. GPL and the Company filed their Defence and Counterclaim on 11 October 2011 which was amended on 23 May 2012 (as “D&C2”) and re-amended on 31 August 2016 (as“D&C3”) and further re-re-amended on 29 June 2018 (as “D&C4”). Under the D&C4, GPL and the Company sought to, amongst others, claim against Mr. Chan by way of counterclaim and set-off and stated that GPL has suffered loss and damage by reason of the following: (1) Mr. Chan has failed to make a payment to GPL in settlement of payables under the Parksong S&P Agreement (“Payables”) (apart from the amount of AUD476,393 under (2) below; (2) the Company and GPL are disputing that Mr. Chan is entitled to claim the amount of AUD3,048,387.10 forming part of the Receivables and claim Mr. Chan for the sum of AUD476,393 forming part of the Payables in respect to cut-off of called cash payment as at the Completion Date; (3) Mr. Chan has prepared 3 sets of documents which showed a conflicting picture as to who was the owner of an advanced sum of AUD16.3 million (“AUD16.3 Million Issue”) to Yunnan Tin Hong Kong (Holding) Group Co. Ltd. (“Yunnan Tin HK”), a majority-owned subsidiary of Parksong, before the completion of the acquisition; and/or further the said advanced sum of AUD16.3 million may be an amount owed to one of its shareholder, Yunnan Tin Group (Holding) Company Limited (“Yunnan Tin PRC”), by Yunnan Tin HK which is not recorded in the relevant accounts (and thus amounts to an additional amount under the Payables (as defined above)) which Mr. Chan is liable to compensate GPL for the said advanced sum of AUD16.3 million; (4) Mr. Chan unilaterally caused an Australian subsidiary of Yunnan Tin HK, YT Parksong Australia Holding Pty Limited, to enter into a tin concentrate package purchase underwriting agreement and a management agreement with Yunnan Tin Australia TDK Resources Pty Ltd. for a period of life of the mine on 1 December 2010, without the consent of GPL; and (5) the claim sum of USD2,059,897 due to production shortfall of contained tin in concentrate from the mine in Australia for the first anniversary after the Completion Date and compensation for each of the second and third anniversaries to be assessed. Under the D&C4, GPL claimed against Mr. Chan for the respective sums of AUD1,048,847.18, AUD476,393, AUD16,300,000, AUD8,505,000, USD2,059,897 (approximately of HK$161,397,000 in total) and damages etc.

Save and except that Mr. Chan has admitted in his Reply and Defence to Counterclaim dated 9 December 2011 and subsequently amended on 10 July 2012 (as "R&DC2") and 5 June 2013 (as "R&DC3") and 14 June 2017 (as "R&DC4") and 30 July 2018 (as "R&DC5") that, amongst others, (1) the third set of documents as pleaded in the D&C4 reflected the correct position and understanding of Mr. Chan, GPL and the Company in making the Parksong S&P Agreement, and (2) that the Payables due under the Parksong S&P Agreement was at the sum of AUD3,244,520.24, Mr. Chan has denied the claims made by GPL and the Company in the D&C4.

Mr. Chan and GPL and the Company attended a mediation on 16 August 2012 in relation to the disputes in the legal proceedings. At present, no settlement has been reached by the parties. The parties are proceeding with the legal proceedings.

For the AUD16.3 Million Issue, from June to December 2013, GPL and the Company had made and dealt with applications to obtain further evidence from Mr. Chan including discovery of further document and interrogatories for further information. In July 2014, GPL and the Company made application to amend the D&C2 including the AUD16.3 Million Issue. An application for joinder of parties to engage Yunnan Tin PRC and Yunnan Tin HK was also made in July 2014 ("the said Joinder Application"). Further, an application for expert evidence ("the said Expert Evidence Application") on various issues (as mentioned below) including the AUD16.3 Million Issue was made in August 2014. Meanwhile, GPL and the Company also sought confirmation from Yunnan Tin PRC on the AUD16.3 Million Issue. Yunnan Tin PRC in July 2015 replied that Yunnan Tin PRC had contributed a loan of AUD16.3 million to Yunnan Tin HK. On 3 June 2015, Mr. Chan also made application to amend the R&DC3 on the AUD16.3 Million Issue ("Plaintiff's Amendment Application").

For the issue on production shortfall, compensation is based on Mr. Chan's production guarantee of 6,500 tonnes of contained tin in concentrate for each of the three anniversaries from the Completion Date under the Parksong S&P Agreement. The actual figures of tin production were confirmed to be approximately 4,979 tonnes, 6,159 tonnes and 6,013 tonnes respectively by Parksong's advisor, resulting in respective shortfalls of 1,521 tonnes, 341 tonnes and 487 tonnes. GPL's claims on compensation for production shortfalls are in sum of approximately AUD3,284,000, AUD650,000 and AUD1,021,000 respectively (approximately of HK$27,340,000 in total). However, the Company and GPL are now making application to engage expert to provide expert's opinion on these amounts under the said Expert Evidence Application.

Apart from the above, requests for further expert evidence on the amount of the Receivables under Mr. Chan's Claim and the amount of the Payables claimed by GPL and the Company were also made under the said Expert Evidence Application.

After an initial hearing on 19 December 2014 in respect of the said Joinder Application, the said Expert Evidence Application and application for the Defendants' pleading amendment ("Defendants' Amendment Application"), further hearings on such applications had originally been scheduled to 28-29 July 2015. As mentioned above, the Plaintiff's Amendment Application was made by Mr. Chan on 3 June 2015. The Plaintiff's Amendment Application and the Defendants' Amendment Application were first heard on 28-29 July 2015 with the result that the said Joinder Application and the said Expert Evidence Application had to be further adjourned. On 4 August 2016, a decision was handed down by the Court under which the Plaintiff's Amendment Application was dismissed while the Defendants' Amendment Application was allowed. On 10 April 2017, Yunnan Tin PRC issued an application for joinder of parties and demanded Mr. Chan to better formulate his claim under the R&DC4 so that the disputes between all parties could be better dealt with. Further to the directions hearing on 20 April 2017, the hearing of the said Joinder Application and the said Expert Evidence Application was further adjourned to 19-20 December 2017. At the hearing on 19 December 2017, the said Joinder Application was permitted. Yunnan Tin PRC and Yunnan Tin HK were joined HCA1357 Action as 3rd Defendant and 4th Defendant and directions were made by the Court for filing of their Defence and Counterclaim. In respect of the Expert Evidence Application, Mr. Chan subsequently did not oppose to it, a directions hearing on the matter has been fixed on 6 June 2018. On 6 June 2018, the hearing was deferred and has been rescheduled to 10 April 2019.

On 19 March 2018, Yunnan Tin PRC as claimant filed its defence and counterclaim against 4 defendants including Parksong, Yunnan Tin HK, GPL and Mr. Chan, as disclosed in announcement of the Company dated 21 March 2018. The counterclaim under the Defence and Counterclaim relates to the same subject matter in another legal proceedings (HCA 3132/2016 as stated below). During the period from May 2018 to March 2019, there were further exchange of pleading. Parksong, Yunnan Tin HK, GPL filed their respective defences to Yunnan Tin PRC and/or claims counterclaim against Mr. Chan. Mr. Chan also filed his Reply and Defence to the Counterclaim of Yunnan Tin PRC. Yunnan Tin PRC has filed its Reply to the Defence of Parksong, Yunnan Tin HK, GPL and Mr. Chan.

Further, in March 2018, GPL and the Company applied for consolidation of HCA 492 Action (referred to below). The matter was heard on 6 June 2018 and the matter was further adjourned to a directions hearing on 10 April 2019.

In view of the new development and the filing of various pleadings and claims by the parties under the HCA 1357 Action and pending expert's opinion on the Defendants' Expert Application, there shall be re-assessment on the whole case, including the amount on the Payables and the compensation for production shortfall.

HCA 3132/2016

A writ of summons with general endorsements under High Court Action number 3132/2016 ("HCA 3132 Action") was issued by Yunnan Tin PRC against Parksong, Yunnan Tin HK and Mr. Chan on 30 November 2016. Under HCA 3132 Action, Yunnan Tin PRC has made various claims which relates to the AUD 16.3 Million Issue. The writ of summons was eventually served in November 2017. At the hearing on 19 December 2017 under HCA 1357 Action, both Mr. Chan and Yunnan Tin PRC indicated their understanding that the matters under HCA 3132 Action shall be more conveniently dealt with under HCA 1357 Action and it has been indicated that HCA 3132 Action shall be discontinued in due course.

HCA 492/2017

By an amended writ of summons dated 3 March 2017, the Company, GPL, Parksong and Yunnan Tin HK as 4 plaintiffs have issued the writ with general endorsements under High Court Action number 492 of 2017 ("HCA 492 Action") under which, amongst others, the Company and GPL made various claims against Mr. Chan as defendant including a declaration that Mr. Chan shall indemnify the Company and GPL for damages and loss suffered as a consequence of the claims of Yunnan Tin PRC under HCA 3132 Action and for the sum of AUD16.3 million for breach of the Parksong S&P Agreement. Under HCA 492 Action, Parksong and Yunnan Tin HK have also, without prejudice to any defence or counterclaim they may have against Yunnan Tin PRC, made claims against Mr. Chan as defendant for breach of fiduciary duty/director's duty while Mr. Chan was acting as a director of Parksong and Yunnan Tin HK for, amongst others, matters arising from HCA 3132 Action. On 13 March 2018, Mr. Chan's legal advisor acknowledged service to the amended writ of summons of HCA 492 Action. In March 2018, the plaintiffs made an application for extension to file a full statement of claim and the matter has been adjourned to be heard for directions at the hearing on 10 April 2019. It is intended that the matters under HCA 492 Action shall be dealt with under HCA 1357 Action.

Directors and Senior Management

Below sets out the profile of Directors and Senior Management with updated information of Directors (pursuant to disclosure requirement under Rule 13.51B(1) of the Listing Rules).

EXECUTIVE DIRECTORS

Mr. LI Dong (李冬), aged 50, has been appointed as an executive director and chairman of the Company since August 2017. He graduated from University of Science and Technology of China with a Bachelor of Science degree. Previously, he was the deputy general manager of Toshiba notebook department, the general manager of marketing department and the general manager of handheld device network department in Lenovo. He also served as the general manager of Beijing Tianlang Voice Technology Co. Ltd.* (北京天朗語音科技有限公司), the vice president of Zhonghuan Communications Co., Ltd* (中寰通信公司) of China Satellite Communications Group* (中國衛通集團), the executive vice president of C&T Group* (華夏建通集團), and the vice president and director of C&T Technology Development Co., Ltd.* (華夏建通科技開發股份有限公司). He is currently the chairman of Cybernaut Greentech Investment Group* (賽伯樂綠科投資集團) and the vice chairman of Cybernaut Investment Group* (賽伯樂投資集團).

Mr. NIE Dong (聶東), aged 51, has been an executive director of the Company since August 2012. Mr. Nie was appointed as the Chief Executive Officer ("CEO") and member of the Remuneration Committee of the Company on 8 March 2013. Mr. Nie was also appointed as a member of the Management Committee and a director of BMTJV on 2 November 2012, responsible for managing the Renison project. Mr. Nie graduated from Chongqing Institute of Architecture and Engineering with a degree in Architecture; and obtained a postgraduate diploma in "Integrated Marketing Communications" coorganized by the University of Hong Kong and Sun Yat-sen University in 2003. Mr. Nie has over 20 years' experience in property development, architectural design, marketing and corporate governance.

Mr. CHEUNG Wai Kuen (張偉權), aged 45, has been an executive director of the Company since December 2009. Mr. Cheung has been also a member of the Nomination Committee of the Company since March 2012. Mr. Cheung has over 12 years' extensive experience in capital management and corporate management. Mr. Cheung has established a number of enterprises in various industries in the PRC since 1997, including property investment, hospital and trading business. Mr. Cheung is currently the chairman and executive director of Common Splendor International Health Industry Group Limited (Stock Code: 00286), a company listed on The Stock Exchange of Hong Kong Limited.

Mr. WANG Chuanhu (汪傳虎), aged 51, has been an executive director since April 2014. Mr. Wang graduated from North China University of Technology in 1987 and holds a bachelor degree in management from BeiJin Municipal Committee of the CPC Party School in 1998. Prior to joining the Group, Mr. Wang has over 26 years' extensive experience in design of large enterprises, investment and operational management in various industrial, construction and commercial sectors in The People's Republic of China.

Ms. XIE Yue (謝玥), aged 27, has been appointed as an executive director of the Company since August 2017. She graduated from the Renmin University of China with a bachelor's degree in law in 2013, and a master degree in management from Imperial College London in the United Kingdom in 2014. Ms. Xie is currently the chief executive officer of So Salad (Shenzhen) Technology Co., Ltd.* (瘦沙拉(深圳)科技有限公司), in charge of the overall management and financing business.

NON-EXECUTIVE DIRECTOR

Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P (**丹斯里皇室拿督古潤金**P.S.M., D.P.T.J. J.P), aged 60, has been appointed as a non-executive director of the Company since March 2018. He is a renowned entrepreneur in Malaysia and the People's Republic of China. He has served as a chairman of the board of directors of Perfect Group Holdings Limited (完美集團控股有限公司) ("Perfect Group"). He focuses on production and sales work of such company. He is also experienced in company management and merger and acquisition. His remarkable business acumen and savvy has led his entrepreneurial ventures to success both in China and Malaysia and he has received recognitions from wide range of organizations. As at the date of this annual report, he holds 856,071,766 shares of the Company, representing approximately 12.53% of the issued share capital of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chi Chi Hung, Kenneth (季志雄), aged 50, has been appointed as an independent non-executive director of the Company, the Chairman of the Audit Committee and a member of the Remuneration Committee since October 2012. Mr. Chi was also appointed as the member of the Nomination Committee on 8 March 2013. Mr. Chi has over 25 years of experience in accounting and financial control area. He holds a Bachelor of Accountancy Degree from the Hong Kong Polytechnic University and is a fellow member of Association of Chartered Certified Accountants in the United Kingdom, an associate member of the Hong Kong Institute of Certified Public Accountants, an associate member of the Hong Kong Institute of Chartered Secretaries and an associate member of the Institute of Chartered Secretaries and Administrators in the United Kingdom. Mr. Chi is currently an executive director of DeTai New Energy Group Limited (stock code: 559) which is listed on The Stock Exchange of Hong Kong Limited. He is also an independent non-executive director of each of Perfect Shape Beauty Technology Limited (stock code: 1830) and Noble Century Investment Holdings Limited (stock code: 2322), all these companies are listed on The Stock Exchange of Hong Kong Limited. Mr. Chi was an executive director of each of Ceneric (Holdings) Limited (now known as "TFG International Group Limited") (stock code: 542) from October 2010 to June 2017 (Mr. Chi resigned as executive director of that company with effect from 22 June 2017) and e-Kong Group Limited (stock code: 524) from September 2014 to July 2015. Mr. Chi was an executive director and a non-executive director of China Sandi Holdings Limited (stock code: 910) from May 2010 to January 2015 and from January 2015 to August 2015 respectively. Mr. Chi was also an independent non-executive director of each of Hong Kong Life Sciences and Technologies Group Limited (stock code: 8085) from January 2010 to August 2015, Aurum Pacific (China) Group Limited (stock code: 8148) from March 2010 to October 2015 and Silk Road Energy Services Group Limited (stock code: 8250) from December 2011 to November 2015, all these companies are listed on The Stock Exchange of Hong Kong Limited.

Mr. ZENG Jin (曾錦), aged 57, has been appointed as an independent non-executive director of the Company since March 2018. He graduated from China Central Radio and TV University (now known as The Open University of China) with a distance learning bachelor degree in Law. He has worked as a lawyer in the People's Republic of China for over 27 years and is currently a partner of Goldsun Law Firm and the deputy director of Continuing Education Committee of the Eleventh Session of Guangdong Lawyers Association. Mr. Zeng had been the representative of the Eighth All China Lawyers Representatives Congress; the council member of the Ninth Session of Guangdong Lawyers Association; the council member and executive director of the Tenth Session of Guangdong Lawyers Association; the director of Continuing Education Committee of the Tenth Session of Guangdong Lawyers Association; and the chairman of the Third session of Heyuan Lawyers Association.

Mr. Chow Wing Chau (周永秋), aged 53, has been appointed as an independent non-executive director of the Company since November 2018. He graduated from the Macquarie University of Australia with a Bachelor of Economics degree in 1993 and obtained an Executive Diploma in Enterprise Risk Management in the University of Hong Kong in 2009. He is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Chow was also admitted as a Senior Associate in the Financial Services Institute of Australasia. He has been in senior finance and management positions in various private and public companies. He was previously an executive director of Finet Group Limited (Stock Code: 8317), a company listed on The Stock Exchange of Hong Kong Limited, from June 2010 to March 2019.

SENIOR MANAGEMENT

Mr. LAM Yiu Por (林曉波), aged 42, has been the head of investor relations since November 2013, and has been promoted as the vice president and the Chief Financial Officer since September 2014. Mr. Lam holds a Bachelor's degree in Accountancy from the Hong Kong Polytechnic University. He is a fellow member of the Association of Chartered Certified Accountants, a certified public accountant of the Hong Kong Institute of Certified Public Accountants, a chartered financial analyst of the Chartered Financial Analyst Institute and an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He has more than 20 years of experience in the field of finance and accounting. Mr. Lam is currently an independent non-executive director of each of JNBY Design Limited (stock code: 3306) and Denox Environmental & Technology Holdings Limited (stock code: 1452), these companies are listed on The Stock Exchange of Hong Kong Limited. He was an independent non-executive director of Yat Sing Holdings Limited (stock code: 3708), during the period of December 2014 to March 2016, was a non-executive director of Zhong Ao Home Group Limited (stock code: 1538), during the period of April 2015 to May 2017, was an independent non-executive director of China Tontine Wines Group Limited (stock code: 389), during the period of November 2016 to November 2018, both companies being listed on The Stock Exchange of Hong Kong Limited.

Mr. WONG Tak Shing (黃德盛), aged 56, has been the Regional Chief Financial Officer of the Company with principal responsibility for the financial and operational issue of the Renison project since March 2011, and was appointed as the Company Secretary in September 2014. Mr. Wong graduated from the University of New England, Australia with a Postgraduate Diploma in Financial Management and from the University of Southampton, U.K. with a Bachelor of Social Science in Business Economics and Accounting. Mr. Wong is currently an associate member of the CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. He has over 28 years of experience in corporate finance, accounting, personnel and administration. Mr. Wong is currently an independent non-executive director of China Digital Culture (Group) Limited (Stock Code: 08175) and Pa Shun International Holdings Limited (Stock Code: 00574), the companies are listed on The Stock Exchange of Hong Kong Limited. Mr. Wong was previously an executive director of China Ocean Fishing Holdings Limited. (Stock Code: 08047) and Sing Pao Media Enterprises Limited (Stock Code: 08010), an independent non-executive director of Digital Domain Holdings Limited (Stock Code: 00547), these companies are listed on The Stock Exchange of Hong Kong Limited.

Corporate Governance Report

The Board is committed to maintaining high standard of corporate governance which is reviewed and strengthened on a continued basis. The Company has adopted all the provisions under the "Corporate Governance Code" (the "Code") as set out in Appendix 14 to 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 2018, the Company had complied with all provisions under the Code, except for the deviation from the code provisions A.5.1 and A.6.7. This corporate governance report contains the detailed explanations on the Company's practices in compliance with the applicable code provisions and the considered reasons for such deviations.

GOVERNANCE STRUCTURE

To enhance accountability, transparency, independence, responsibility and fairness to the shareholders and stakeholders, the Company is dedicated to develop an appropriate framework of corporate governance for the Company and its subsidiaries (the "Group"). The Company's corporate governance structure includes the Board and four committees under the Board, namely audit committee, remuneration committee and nomination committee (the "Three Committees") and the Compliance Committee. The Board stipulates the terms of reference of all committees in writing and specifies clearly the power and responsibilities of the committees.

BOARD OF DIRECTORS

Board functions

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 CEO, 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.

Board composition

The Board currently comprises nine directors (the "Directors"), including five Executive Directors (the "EDs"), namely, Mr. Li Dong (Chairman), Mr. Nie Dong (Chief Executive Officer (the "CEO")), Mr. Cheung Wai Kuen, Mr. Wang Chuanhu and Ms. Xie Yue; a Non-Executive Director, namely Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P; and three Independent Non-Executive Directors (the "INEDs"), namely, Mr. Chi Chi Hung, Kenneth, Mr. Zeng Jin and Mr. Chow Wing Chau. The biographical details of the existing Directors of the Company and the relationships among them as at the date of this report are set out in the Directors' and Senior Management's Profile section on pages 21 to 23 of this annual report. Save as disclosed in this annual report, none of the Directors has any business, financial, or family interests with each other and the Company.

The Board believes it is a balanced composition as each of the Directors has his own skills, expertise, professional qualifications and appropriate experiences to effectively oversee the business of the Group. It can effectively exercise independent judgement for the business activities of the Group to safeguard the interests of the shareholders and to improve standard in corporate governance to fulfill the demands of the shareholders and stakeholders of the Group.

One of the INEDs is a professional accountant, which is in compliance with the requirement of the Listing Rules. Each of our INEDs has presented an annual confirmation of independence to the Company in accordance with the requirement of the Listing Rules. The Company considered all of the INEDs to be independent.

The Company has arranged insurance cover of "Directors' and Officers' Liabilities Insurance" for Directors, officers and senior management of the Group. The insurance coverage is reviewed annually.

Board Delegation

The Board delegates the authorities to the board committees and the senior management of the Company to provide professional advice and monitor the daily operation of the Group on issues which require discussion, expertise knowledge and experience to make the decision. The Three Committees are responsible for making recommendation on the specified matters in line with the terms of reference adopted by the Board set out separately. The senior management is responsible for supervision of the daily operation of the Group by functions.

Board, Board committees and general meetings

The total number of the meetings and the individual attendance of each Director in person at each of the meetings during the year ended 31 December 2018 were as follows:

	Number of meeting(s) attended/number of meeting(s) convened within the period of appointment for individual director					
Name of Directors	**Board meeting**	**Remuneration committee meeting**	**Nomination committee meeting**	**Audit committee meeting**	**Annual General Meeting**	**Extra-Ordinary General Meeting**
Executive directors						
Mr. LI Dong	1/16	N/A	N/A	N/A	1/1	0/1
Mr. NIE Dong	12/16	0/3	N/A	N/A	1/1	0/1
Mr. CHEUNG Wai Kuen	7/16	N/A	2/4	N/A	0/1	0/1
Mr. WANG Chuanhu	15/16	N/A	N/A	N/A	0/1	0/1
Ms. XIE Yue	7/16	N/A	N/A	N/A	0/1	0/1
Non-executive director						
Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P (appointed on 20 March 2018)	1/9	N/A	N/A	N/A	1/1	N/A
Independent non-executive directors						
Mr. CHI Chi Hung, Kenneth	8/16	3/3	4/4	2/2	0/1	1/1
Mr. James MUNN (removed on 19 January 2018)	0/0	N/A	N/A	N/A	N/A	0/1
Mr. ZENG Jin (appointed on 1 March 2018)	12/13	2/3	2/3	2/2	1/1	N/A
Mr. TAN Kuang Hwee (appointed on 10 May 2018 and resigned on 1 December 2018)	2/4	1/2	1/1	1/1	1/1	N/A
Mr. CHOW Wing Chau (appointed on 6 November 2018)	1/2	1/1	0/0	0/0	N/A	N/A

The notices were given at least 14 days in advance for each of the regular Board meeting to all the Directors so that they could have an opportunity to attend the same in person during the year. On ad hoc basis, the EDs met together upon reasonable notices or by agreement of the EDs to waive the notice of the meetings to discuss the matters as required by business needs. In respect of regular Board meetings, and so far as practicable, an agenda and accompanying board papers were sent in full to all Directors in a timely manner at least 3 days before the intended dates of Board meetings. The company secretary of the Company attended all regular Board meetings to advise on corporate governance and statutory compliance when necessary. In addition, the Company has maintained a procedure for Directors to seek independent professional advice in appropriate circumstances. Minutes of Board meetings and meetings of the Three Committees are kept by a duly appointed secretary of the meetings and such minutes could be inspected at any reasonable time on reasonable notice by any Director. Minutes of Board meetings and meetings of the Three Committees had recorded in sufficient details the matters considered by the Board and decisions reached, including any concerns raised by Directors or the representatives of the relevant parties of dissenting views expressed. Draft and final versions of minutes of the Board and the Three Committees meetings had been sent to all Directors and the representatives of the relevant parties involved in the meetings through electronic means for their comments and records respectively, in both cases within a reasonable time after the meetings were held.

During the year, Mr. Li Dong, the Chairman, had a meeting with the INEDs without the presence of EDs and management. The non-Executive Director, Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P., did not attend the meeting due to other commitment which has to be attended.

DEVIATIONS FROM THE CODE PROVISIONS

Non-Compliance with Code Provision A.6.7 of the Code

Pursuant to Code Provision A.6.7 of the Code, independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. Due to other commitments, Mr. Chi Chi Hung, Kenneth, an INED, was unable to attend the annual general meeting of the Company held on 8 June 2018.

Prior Non-Compliance with Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules and Code Provision A.5.1 of the Code

Following the resignation of Mr. Deng Shichuan as an INED and a member of each of the audit committee of the Company (the "AC"), the nomination committee of the Company (the "NC") and the remuneration committee of the Company (the "RC") on 3 December 2017 (the "Resignation"), the Company fell below the minimum number of having three INEDs under Rule 3.10(1) of the Listing Rules and INEDs representing at least one-third of the Board under Rule 3.10A of the Listing Rules, and became unable to fulfill the requirement of having three members on the AC under Rule 3.21 of the Listing Rules.

After the removal of Mr. James Munn as an INED and a member of each of the AC, the NC and the RC on 19 January 2018 (the "Removal"), in addition to the non-compliance with INED requirements and AC requirements under Rules 3.10(1), 3.10A and 3.21 of the Listing Rules, the Company was also unable to fulfill the requirement of the RC comprising a majority of INEDs under Rule 3.25 of the Listing Rules. Further, as the NC no longer comprised a majority of INEDs, the Company deviated from Code Provision A.5.1 of the Code. Please refer to the announcements of the Company dated 3 December 2017 and 28 February 2018 in relation to the Resignation, the Removal and non-compliance with the said rules and code provisions.

Following the appointment of Mr. Zeng Jin as an INED and a member of each of the AC, the RC and the NC on 1 March 2018, each of the RC and the NC comprises three members including two INEDs which fulfill the requirement of having each of the RC and the NC comprising a majority of INEDs under Rule 3.25 of the Listing Rules and Code Provision A.5.1 of the Code respectively. However, the Company was still unable to fulfill the INED requirements and AC requirements under Rules 3.10(1), 3.10A and 3.21 of the Listing Rules. Please refer to the announcement of the Company dated 19 January 2018 in relation to the appointment of Mr. Zeng Jin as an INED.

Following the appointment of Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P as a non-executive Director of the Company on 20 March 2018, the Company was still unable to fulfill the INED requirements and AC requirements under Rules 3.10(1), 3.10A and 3.21 of the Listing Rules.

Pursuant to Rule 3.11 of the Listing Rules, the Company should appoint an additional INED within three months after failing to meet the requirements under Rules 3.10(1) and 3.10A of the Listing Rules. Further, Rule 3.23 of the Listing Rules requires the Company to appoint an additional appropriate member to the AC within three months after failing to meet the requirements under Rule 3.21 of the Listing Rules. The Company was unable to identify and appoint a suitable candidate to fill the vacancy within three months after the Removal, thus the Company applied to the Stock Exchange of Hong Kong Limited on 18 April 2018 for a waiver from strict compliance with Rules 3.10(1), 3.10A and 3.21 of the Listing Rules for a period of one month commencing from 19 April 2018 to 19 May 2018. Please refer to the announcement of the Company dated 19 April 2018 in relation to the extension of time for appointment of an additional INED and non-compliance with INED requirements and AC requirements.

Following the appointment of Mr. Tan Kuang Hwee as an INED and a member of each of the AC, the RC and the NC on 10 May 2018, the Company has fulfilled the requirements under Rules 3.10(1) and 3.10A of the Listing Rules which require a minimum of three INEDs and INEDs representing one-third of the Board respectively. Further, the AC comprises three members which fulfill the requirement of having three members on the AC under Rule 3.21 of the Listing Rules. Please refer to the announcement of the Company dated 10 May 2018 in relation to the appointment of Mr. Tan Kuang Hwee as an INED and change in composition of board committees.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to Code Provision A.6.5 of the Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the reporting period, each of the Directors has participated in continuous professional development by attending in-house seminar provided by the Company and/or has been reading materials relevant to the Director's duties and responsibilities and rules updates so as to develop and refresh their knowledge and skills, and to ensure that their contribution to the Board remains informed and relevant.

Name of Directors	Nature of continuous professional development programmes development programmes
Executive directors	
Mr. Li Dong	A
Mr. NIE Dong	A
Mr. CHEUNG Wai Kuen	A
Mr. WANG Chuanhu	A
Ms. Xie Yue	A
Non-executive director	
Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P	A
Independent non-executive directors	
Mr. CHI Chi Hung, Kenneth	A
Mr. ZENG Jin	A
Mr. CHOW Wing Chau	A

A: reading seminar materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the CEO have different roles. The Chairman is responsible for the operation of the Board and the CEO 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. Li Dong is an Chairman and Mr. NIE Dong is the CEO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company entered a service contract with each of INEDs for a term of three years. Please refer to page 38 for further details. Following the resignation of Mr. Deng Shichuan as an INED with effect from 3 December 2017 and the removal of Mr. James Munn as an INED of the Company with effect from 19 January 2018, the number of INED has fallen below the minimum number of three INED and one-third of the Board as required under Rules 3.10(1) and 3.10A of the Listing Rules and the Company has also become unable to fulfil the requirement of having three members on the AC under Rule 3.21 of the Listing Rules and the requirement of the RC comprising a majority of INEDs under Rule 3.25 of the Listing Rules. Following the appointment of Mr. Zeng Jin as an INED with effect from 1 March 2018 and Mr. Tan Kuang Hwee as an INED with effect from 10 May 2018, the Company met the requirement relating to the INEDs under the Listing Rules.

SECURITIES TRANSACTIONS OF THE DIRECTORS AND RELEVANT EMPLOYEES

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 as the code of conduct regarding securities transactions by the Directors. All Directors have confirmed in writing that, in respect of the year ended 31 December 2018, they have complied with the required standard as set out in the Model Code.

The Group also adopted the Model Code for certain employees ("Relevant Employees") who, because of their office in the Company, may from time to time encounter Inside Information (as defined in the Securities and Futures Ordinance (Cap. 571)). The Group have received confirmations from all Relevant Employees that they complied with the Model Code throughout the period under review.

REMUNERATION COMMITTEE

Remuneration Committee functions

The RC was established to formulate remuneration policy for the Board's approval. It has adopted the terms of reference, which are in line with the Code Provisions set out in the Code.

The terms of reference of the RC were revised on 31 December 2015. The majority of members of RC shall be INEDs and the Chairman of the Board (unless he is an INED) shall not be a member of the RC.

The principal functions of the RC include reviewing and recommending to the Board specific remuneration packages for each Director and senior management by reference to corporate goals and objectives, assessing performance of EDs and approving the terms of their service contracts. The RC also ensured that no Director or senior management member determined his own remuneration.

The RC is to make recommendations to the Board on the remunerations packages of individual ED and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

Remuneration Committee composition

The RC comprises three INEDs namely, Mr. Chi Chi Hung, Kenneth, Mr. Zeng Jin and Mr. Chow Wing Chau and one ED namely, Mr. Nie Dong. Mr. Chi Chi Hung, Kenneth was appointed as the Chairman of the RC.

Upon the Resignation and the Removal, the Company was unable to fulfill the requirement of having the RC comprising a majority of INEDs under Rule 3.25 of the Listing Rules. Following the appointment of Mr. Zeng Jin as an INED and as a member of the RC on 1 March 2018, the RC comprises three members including two INEDs which fulfill the requirement of having the RC comprising a majority of INEDs under Rule 3.25 of the Listing Rules.

Remuneration Committee meetings

During the year ended 31 December 2018, the RC had met two times to discuss the remuneration of Directors. The details of the number of the RC meetings held during the year of 2018 and the relevant record of individual attendance of the members of the RC, on a named basis, are shown in the table under the heading "Board, Board committees and general meetings" on page 26 of this corporate governance report.

The Directors are remunerated with reference to their respective duties and responsibilities with the Company, the Company's performance and current market situation. In addition, the Group has adopted the share option scheme on 21 October 2008. Details of emoluments of the Directors from the Group for the year are as disclosed in note 10 to the consolidated financial statements.

NOMINATION COMMITTEE

Nomination Committee functions

The NC was established on 30 March 2012 to formulate nomination policy for consideration of the Board and to implement the nomination policy laid down by the Board. It has adopted the terms of reference, which are in line with the Code under Appendix 14 to the Listing Rules.

The terms of reference of the NC were revised on 31 December 2018. The majority of the members of NC shall be INEDs. The Chairman of the Board shall not chair the NC when it is dealing with the matters of his own appointment and succession to the chairmanship.

The NC has developed a formal, consistent and transparent procedure for the appointment of new Directors to the Board. There would be plans in place for orderly succession for appointments to the Board. All Directors would be subject to re-election at regular intervals. A proposal for the appointment of a new Director will be considered and reviewed by the NC. The NC will consider the skills and expertise of the candidates as well as personal ethics, integrity and the willingness to commit time to the affairs of the Group. All candidates must be able to meet the standards set out in the Listing Rules. A candidate who is to be appointed as INED should also meet the independence criteria set out in Rule 3.13 of the Listing Rules. The above principal duties are regarded as the key nomination criteria and principles for the nomination of Directors, which also form part of the nomination policy of the Company.

Board Diversity Policy

Since 1 September 2013, the Board has adopted a board diversity policy. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates is based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As at the date of this report, the Board comprises 9 Directors. Among which, three of them are INEDs. The Directors are of diverse educational background and possess a wide spectrum of professional qualifications and business experience. The Board is of significant diversity, whether considered in terms of professional and educational background and skills.

Nomination Committee composition

The NC comprises three INEDs namely, Mr. Chi Chi Hung, Kenneth, Mr. Zeng Jin and Mr. Chow Wing Chau and one ED namely, Mr. Cheung Wai Kuen. Mr. Chi Chi Hung, Kenneth was appointed as the chairman of the NC.

Upon the Resignation and the Removal, as the NC no longer comprised a majority of INEDs, the Company deviated from Code Provision A.5.1 of the Code. Following the appointment of Mr. Zeng Jin as an INED and a member of the NC, the NC comprises three members including two INEDs which fulfill the requirement of the NC comprising a majority of INEDs under Code Provision A.5.1 of the Code.

Nomination Committee meetings

During the year ended 31 December 2018, the NC had met four times to discuss the structure, size, and composition of the Board; the nomination of new member to the Board and the appointment of senior management to the Group. The details of the number of the NC meetings held during the year ended 31 December 2018 and the relevant record of individual attendance of the members of the NC, on a named basis, are shown in the table under the heading “Board, Board committees and general meetings” on page 26 of this corporate governance report.

AUDIT COMMITTEE

Audit Committee functions

The AC was established on 12 November 2008. It has adopted the terms of reference, which are in line with the Code Provisions set out in the Code under Appendix 14 to the Listing Rules.

The terms of reference of the AC were revised on 31 December 2018. The majority of the members of the AC shall be INEDs and at least one of whom must have appropriate professional qualifications or accounting or related financial management expertise.

The primary duties of AC are, inter alia, to review and supervise the financial reporting process and internal control system of the Group, to review the financial statements focusing particularly on any changes in accounting policies and practices of the Group; the compliance with accounting standards; and the compliance with the legal requirements, as well as to review the Company's annual reports and interim reports.

Audit Committee composition

The AC comprises three INEDs namely, Mr. Chi Chi Hung, Kenneth, Mr. Zeng Jin and Mr. Chow Wing Chau. Mr. Chi Chi Hung, Kenneth, who is a qualified accountant with appropriate professional qualification and experience in financial matters, was appointed as the chairman of the AC. None of the AC members is a member of the former or existing auditors of the Company.

Upon the Resignation and the Removal, the Company was unable to fulfill the requirement of having three members on the AC under Rule 3.21 of the Listing Rules. Following the appointment of Mr. Zeng Jin as an INED and a member of the AC on 1 March 2018 and Mr. Tan Kuang Hwee as an INED and a member of the AC on 10 May 2018, the Company met the requirement of having three members of the AC under Rule 3.21 of the Listing Rules.

Audit Committee meetings

During the year ended 31 December 2018, the AC had met two times to discuss the following matters:

- to review the final results of the Group for the year ended 31 December 2017 prior to recommending them to the Board for approval;
- to review the interim results of the Group for the half year ended 30 June 2018 prior to recommending them to the Board for approval;
- to review the selection and re-appointment of the external auditor of the Company for the year ended 31 December 2018 prior to recommending them to the Board for approval and the Board had agreed with the AC's view on this matter;
- to discuss with our external auditor the scope of their review on audit work and respective major findings in interim and annual financial statements and key audit matters included in the independent auditor's report;
- to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system.

The details of the number of the AC meetings held during the year ended 31 December 2018 and the relevant record of individual attendance of the members of the AC, on a named basis, are shown in the table under the heading "Board, Board committees and general meetings" on page 26 of this corporate governance report.

As at the date of this corporate governance report, the AC has reviewed with management the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters including the review of audited consolidated financial statements of the Group for the year ended 31 December 2018 in conjunction with the Group's external auditor.

AUDITOR'S REMUNERATION

During the year ended 31 December 2018, the Company engaged Deloitte Touche Tohmatsu as the external auditor of the Company to perform audit and non-audit services. The audit service fee was approximately HK$1,930,000 and non-audit service fee for review of preliminary results announcement and annual review of the Group's continuing connected transactions, review of the condensed consolidated financial statements was HK$490,000 for the year ended 31 December 2018.

COMPANY SECRETARY

The company secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The company secretary reports to the Chairman and the Chief Executive Officer. From time to time, the company secretary advises the Board on governance matters and ensures the board procedures, applicable laws, rules and regulations are followed. During the year ended 31 December 2018, the company secretary, Mr. Wong Tak Shing, has confirmed that he has taken no less than 15 hours of relevant professional training.

INTERNAL CONTROL AND RISK MANAGEMENT

Risk management and internal control:

The Board is accountable for overseeing the Group's risk management and internal control systems and reviewing its effectiveness, while the management and other personnel are responsible for implementing and maintaining the internal controls systems that covers governance, compliance, risk management, financial and operational controls to safeguard the Group's assets and stakeholders' interests. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute assurance against material misstatement or loss.

During the financial year ended 31 December 2018, the Company has identified, evaluated and managed significant risks via the following process:

- reviewing the organizational objectives;
- assessing the risk management philosophy to determine the risk tolerant level of the Group; and
- performing an entity-level risk assessment.

A. Risk Management and Internal Control Systems Review:

To review the effectiveness of the risk management and internal control systems of the Group and to resolve (if any) material internal control defects of the Group for the year ended 31 December 2018, the Company adopted a COSO ERM — Integrated Framework (2004) which is issued by the Committee of Sponsoring Organizations ("COSO") of The Treadway Commission to perform the risk assessment (the "Review") on the Group for the year ended 31 December 2018. The Review is designed to enhance the risk management of the Group through a holistic and integrated framework so that all material risks faced by the Group are identified and appropriately managed to:

i. promote consistent risk identification, measurement, reporting and mitigation;

ii. set a common risk language to avoid any conflicting terminology or confusion in risk reporting;

iii. develop and communicate policies on risk management and controls aligned with the business strategy; and

iv. enhance reporting to provide transparency of risks across the Group.

During the Review, the Company conducted the following procedures:

— interviewing with department head and management to identify the risks over the Company business units;

— quantifying the risks by financial data and market searches; and

— prioritizing the identified risks as high, medium and low risk.

The Company will perform the ongoing assessment to update the entity-level risk factors and report to the Board on a regular basis.

B. Group Risk Report:

In 2018, the Company conducted an annual Groupwide review based on the Group's ERM Framework to assess the risks relevant to the existing businesses of the Group. The Group Risk Report for 2018 was compiled to cover: (i) the top risks of the Group; and (ii) associated action plans and controls designed to mitigate the top risks, where applicable, at appropriate levels.

C. Internal Audit Function

During the financial year ended 31 December 2018, the Company had appointed an internal control advisor (the "IC Advisor") to perform internal audit function for the Group. The IC Advisor conducted its internal audit review activities according to the endorsed internal audit scope during the financial year ended 31 December 2018. The IC Advisor reported the internal audit findings and recommendations to both the AC and the management of the Group. The management of the Group agreed on the internal audit findings and adopted the recommendations by the IC Advisor accordingly.

D. Management's confirmation on risk management

Based on the risk management mechanism and internal audit review activities mentioned in the aforementioned paragraphs, the management of the Group had provided a confirmation to the Board that the Group had maintained an effective and adequate risk management mechanism and internal control system during the financial year ended 31 December 2018.

COMPLIANCE COMMITTEE

The Board has assigned a compliance committee (the "CC") comprised of the company secretary and led by an executive Director namely, Mr. Nie Dong to monitor and oversee all transactions in relation to the Listing Rules. The CC is also responsible for performing the functions set out in Code provision D.3.1. The CC will meet to develop, review and monitor the Company's corporate governance policies and practices, to review and monitor training and continuous professional development of Directors and senior management, to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors and to review the compliance of the Company and the disclosure in the corporate governance report.

During the year 2018, in relation to the corporate governance functions, the CC has held a meeting and has reviewed the Company's compliance with the Code and the regulatory and statutory requirements, and the disclosure in the corporate governance report.

DIVIDEND POLICY

Policy on payment of dividend of the Company is in place setting out the factors in determination of dividend payment of the Company, including the Group's financial result; cash flow situation; future operation and earnings; general business conditions and strategies; capital requirements and expenditure; interests of shareholders; statutory and regulatory restrictions and other factors that the Board deems appropriate. The policy shall be reviewed periodically and submitted to the Board for approval if amendments are required.

SHAREHOLDERS' RIGHTS

Right to convene General Meeting

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Right to Put Forward Proposals at General Meetings

There are no provisions allowing shareholders to propose new resolutions at general meetings under the Cayman Islands Companies Law or the articles of association of the Company. Shareholders who wish to propose a resolution may request the Company to convene an extraordinary general meeting following the procedures set out in the preceding paragraph.

Right to Put Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing for the attention of the Company Secretary of the Company whose contact details are as follows:

Suite No. 1B on 9/F, Tower 1, China Hong Kong City,
33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
Fax: (852) 2366 0138
Email: rexwong@green-technology.com.hk

The Company Secretary shall forward the shareholders' enquiries and concerns to the Board and/or relevant committees of the Board to answer the shareholders' questions where appropriate.

Investor Relations

The Board recognizes the importance of maintaining ongoing communications with shareholders and investors for the performance of the Company and establishes different communication channels. These include the publication of interim and annual reports and/or dispatching circular, notices and other announcements and notifications; conducting annual general meeting or extraordinary general meeting which provides a forum for Shareholders of the Company to raise comments and exchange views with the Board; and updating the websites with the corporate information, achievements and new development of the Group.

To strengthen the investors' relationship, the Company provides different ways for investors to access the soft and hard copies of the Company's information. The printed copies of this annual report in both English and Chinese languages will be dispatched to the Shareholders of the Company on 26 April 2019. Shareholders can obtain corporate communications free of charge by notice in writing to the Company Secretary of the Company. This annual report in both English and Chinese language is also available on the following websites:

(a) www.hkex.com.hk

(b) www.green-technology.com.hk

Directors' Report

The board of the Company herein presents the annual report and the audited consolidated financial statements (the "Consolidated Financial Statements") of the Group for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and providing corporate management services. Details of the principal activities and other particulars of the subsidiaries are set out in note 40 to the Consolidated Financial Statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 49. The directors do not recommend the payment of a dividend for the year ended 31 December 2018.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are set out in the Chairman Statement as well as the Management Discussion and Analysis on pages 3 to 4 and pages 5 to 20 of this Annual Report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the Group's Five-year Financial Summary on page 116 of this Annual Report.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of the members to attend and vote at the annual general meeting of the Company ("AGM"), the register of members of the Company will be closed from Tuesday, 28 May 2019 to Friday, 31 May 2019, both days inclusive, during which period no transfer of shares of the Company will be registered. Members whose names appear on the register of members of the Company at the close of business on Monday, 27 May 2019 will be entitled to attend and vote at the AGM. All transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 27 May 2019.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2018 are set out in note 15 to the Consolidated Financial Statements.

SHARE CAPITAL AND SHARE OPTIONS

There was no movement in the share capital and share options of the Company during the year ended 31 December 2018.

DISTRIBUTABLE RESERVE OF THE COMPANY

As at 31 December 2018, the Company's reserves available for distribution to shareholders were as follows:

	HK$'000
Share premium	950,427
Accumulated losses	(511,516)
Translation reserve	(164,735)
	274,176

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.

TAXATION OF HOLDERS OF SHARES

(a) Hong Kong

Dealings in shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of shares. Profits from dealings in the shares arising in or derived from Hong Kong may also be subject to Hong Kong profit tax.

(b) Cayman Islands

Under the present laws of the Cayman Islands, transfer or other dispositions of shares are exempted from Cayman Islands stamp duty.

(c) Professional tax advice recommended

Intending holders of shares of the Company are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the shares.

DIRECTORS

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

Executive Directors

Mr. LI Dong
Mr. NIE Dong
Mr. CHEUNG Wai Kuen
Mr. WANG Chuanhu
Ms. XIE Yue

Non-executive Director

Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P
(appointed on 20 March 2018)

Independent Non-executive Directors

Mr. CHI Chi Hung, Kenneth
Mr. James MUNN (removed on 19 January 2018)
Mr. ZENG Jin (appointed on 1 March 2018)
Mr. TAN Kuang Hwee
(appointed on 10 May 2018 and
resigned on 1 December 2018)
Mr. CHOW Wing Chau (appointed on 6 November 2018)

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

DIRECTORS' SERVICE CONTRACTS

Mr. Nie Dong has entered into a service contract with the Company for a term of three year commencing from 1 January 2016 until terminated by not less than six months' notice in writing served by either party on the other. The contract has been renewed with a term of three years commencing from 1 January 2019 until terminated by not less than six months' notice in writing served by either party on the other.

Each of Mr. Chi Chi Hung, Kenneth and Mr. Cheung Wai Kuen has entered into a service contract with the Company for a term of three years commencing on 12 October 2017 and 4 December 2017 respectively until terminated by not less than three months' notice in writing served by either party on the other. Such contracts were revised on 1 January 2016 to the effect that the notice period required for terminating the contracts will be changed to 3 months.

Each of Ms. Xie Yue, Mr. Zeng Jin, Mr. Li Dong, Tan Sri Dato' Koo Yuen Kim and Mr. Chow Wing Chau has entered into a service contract with the Company for a term of three years commencing on 1 November 2017, 28 February 2018, 1 March 2018, 19 March 2018 and 6 November 2018 respectively until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Wang Chuanhu has entered into a service contract with the Company for a term of one year commencing from 1 April 2018 until terminated by not less than three months' notice in writing served by either party on the other. The contract has been renewed with a term of one year commencing from 1 April 2019 until terminated by not less than three months notice in writing served by either party on the other.

Save as disclosed, 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.

PERMITTED INDEMNITY PROVISION

Article 167(1) of the Company's Articles of Association provide that every Director or other officer of the Company shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty provided that the indemnity shall not be extended to any matter in respect of any fraud or dishonesty which may be attached to any of the relevant Director or officer of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

Save as disclosed below, as at 31 December 2018, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code in the Listing Rules.

Long position in shares in the Company

Name of Director	Capacity	No. of ordinary shares held in the Company (long position)	% of issued share capital of the Company
Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P	Beneficial owner	856,071,766	12.53%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

Save as disclosed below, 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. The register required to be kept under section 336 of the SFO shows that as at 31 December 2018, the following persons/entities have interest and/or short position in the shares or underlying shares of the Company:

Long position in shares in the Company

Name of substantial shareholder	Capacity	No. of ordinary shares held in the Company (long position)	% of issued share capital of the Company
Ren Ming Hong (Note 1)	Interest of controlled corporation	1,700,000,000	24.89%
Amazing Express International Limited (Note 1)	Interest of controlled corporation	1,700,000,000	24.89%
Excel Jumbo International Limited (Note 1)	Interest of controlled corporation	1,700,000,000	24.89%
Yu Tao (Note 2)	Interest of controlled corporation	1,700,000,000	24.89%
新余銘沃投資管理中心 (Notes 2 and 3)	Interest of controlled corporation	1,700,000,000	24.89%
上海港美信息科技中心 (Notes 2 and 3)	Interest of controlled corporation	1,700,000,000	24.89%
杭州賽旭通投資管理有限公司 (Note 3)	Interest of controlled corporation	1,700,000,000	24.89%
北京賽伯樂綠科投資管理有限公司 (Note 3)	Interest of controlled corporation	1,700,000,000	24.89%
賽伯樂綠科(上海)投資管理有限公司 (Note 3)	Interest of controlled corporation	1,700,000,000	24.89%
賽伯樂綠科(深圳)投資管理有限公司 (Note 3)	Interest of controlled corporation	1,700,000,000	24.89%
Zhu Min (Note 3)	Interest of controlled corporation	1,700,000,000	24.89%
杭州悠然科技有限公司 (Note 3)	Interest of controlled corporation	1,700,000,000	24.89%
賽伯樂投資集團有限公司 (Note 3)	Interest of controlled corporation	1,700,000,000	24.89%
Cybernaut Greentech Investment Holding (HK) Limited (i.e. Cybernaut) (Notes 1, 2 and 3)	Beneficial owner	1,700,000,000	24.89%
Xie Haiyu (i.e. Mr. Xie)	Beneficial owner	606,117,360	8.87%

Notes:

(1) Ren Ming Hong controls 100% of the equity interest in Amazing Express International Limited, which controls 100% of the equity interest in Excel Jumbo International Limited. Excel Jumbo International Limited controls 50% of the equity interest in Cybernaut. Therefore, Ren Ming Hong, Amazing Express International Limited and Excel Jumbo International Limited are deemed to be interested in 1,700,000,000 shares in the Company held by Cybernaut.

(2) Yu Tao controls 99% of the equity interest in 新余銘沃投資管理中心, which controls 99% of the equity interest in 上海港美信息科技中心. 上海港美信息科技中心 controls 50% of the equity interests in Cybemaut. Therefore, Yu Tao, 新余銘沃投資管理中心 and 上海港美信息科技中心 are deemed to be interested in 1,700,000,000 shares in the Company held by Cybernaut.

(3) Zhu Min controls 90% of the equity interest in 杭州悠然科技有限公司, which controls 91% of the equity interest in 賽伯樂投資集團有限公司. 賽伯樂投資集團有限公司 controls 50% of the equity interest in 北京賽伯樂綠科投資管理有限公司. 北京賽伯樂綠科投資管理有限公司 controls 95% of the equity interest in 賽伯樂綠科(上海)投資管理有限公司, which controls 50% of the equity interest in 杭州賽旭通投資管理有限公司, 杭州賽旭通投資管理有限公司 controls 1% of the equity interest in 上海港美信息科技中心. Furthermore, 北京賽伯樂綠科投資管理有限公司 controls 95% of the equity interest in 賽伯樂綠科(深圳)投資管理有限公司, which holds 1% of the equity interest in 新余銘沃投資管理中心. 新余銘沃投資管理中心 controls 99% of the equity interest in 上海港美信息科技中心. 上海港美信息科技中心 controls 50% of the equity interests in Cybemaut. Therefore, Zhu Min, 杭州悠然科技有限公司, 賽伯樂投資集團有限公司, 北京賽伯樂綠科投資管理有限公司, 賽伯樂綠科(上海)投資管理有限公司, 杭州賽旭通投資管理有限公司 and 賽伯樂綠科(深圳)投資管理有限公司 are deemed to be interested in 1,700,000,000 shares in the Company held by Cybernaut.

DIRECTORS' INTEREST AND CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS OF SIGNIFICANCE

None of the Directors or controlling shareholders of the Company had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding companies, or any of its subsidiaries was a party during the year ended 31 December 2018.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2018 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

NON-COMPETING UNDERTAKING

During the year ended 31 December 2018, none of the Directors 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 ended 31 December 2018 did a Director, a close 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 issued share capital) have an interest in any of the Group's top five largest customers or suppliers.

CONTINUING CONNECTED TRANSACTIONS

(a) Tin concentrates supply

On 19 February 2016, YTPAH entered into the tin supply contract with YTATR, pursuant to which YTPAH agreed to supply tin concentrates (the "Tin Supply Contract") to YTATR for the period from 1 February 2016 to 31 January 2019. YTPAH is a wholly-owned subsidiary of YTHK, which is owned as to 82% by the Company and 18% by Yunnan Tin PRC. Yunnan Tin PRC indirectly holds 100% equity interest in YTATR. As such, YTATR is a connected person of the Company by virtue of being a subsidiary of the substantial shareholder of YTHK. Accordingly, the transaction contemplated under the Tin Supply Contract constitutes continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The annual caps for the transactions contemplated under the Tin Supply Contract are approximately HK$484 million from 1 February 2016 to 31 December 2016, HK$655 million for the year ending 31 December 2018, HK$814 million for the year ending 31 December 2018 and HK$84 million from 1 January 2019 to 31 January 2019. The price of tin concentrates per dry metric ton was agreed by the parties to the Tin Supply Contract after taking into account that (i) the LME 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. It was agreed that the YTATR pays 85% of the provisional value of each lot within three working days after the YTATR receives all shipment documents and the remaining part will be settled within 10 working days after the final analysis and weights of tin concentrates confirmed by both YTPAH and YTATR.

The revenue under the Tin Supply Contract for year ended 31 December 2018 amounted to approximately HK$431,969,000.

(b) Copper concentrates supply

On 19 February 2016, YTPAH entered into the copper supply contract with YTATR, pursuant to which YTPAH agreed to supply copper concentrates (the "Copper Supply Contract") to YTATR for the period from 19 February 2016 to 31 January 2019. As such, with disclosed in (a) above, YTATR is a connected person of the Company by virtue of being a subsidiary of the substantial shareholder of YTHK. Accordingly, the transaction contemplated under the Copper Supply Contract constitutes continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The annual caps for the transactions contemplated under the Copper Supply Contract are approximately HK$10.5 million from 19 February 2016 to 31 December 2016, approximately HK$14.9 million for the year ending 31 December 2018, approximately HK$18.6 million for the year ending 31 December 2018 and approximately HK$1.9 million from 1 January 2019 to 31 January 2019.

If the copper grade is equal to or over 30% on dmt basis (under the same basis hereinafter), YTATR shall pay 96.5% of the full copper content, subject to a minimum deduction of one (1) unit. If the copper grade is less than 30%, one (1) unit of the gross copper assay at 30% copper plus 0.2 unit for each one percent below 30% copper are deducted from the gross copper assay. No payment shall be made for silver if the silver content is less than 30 grams per dmt. If the silver content is equal to or exceeds 30 grams per dmt, subject to the copper grade being equal to or exceeds 30% on dmt basis, YTATR shall pay 90% of the full silver content. If the silver content is equal to or exceeds 30 grams per dmt, subject to the copper grade being less than 30% on dmt basis, YTATR shall pay 80% of the full silver content. The treatment charge and refining charge for copper concentrates shall be US$180 per dmt and US$0.18 per pound of copper payable; whereas the treatment charge and refining charge for silver shall be US$0.5 per payable ounce of silver payable.

It was agreed that YTATR shall pay 90% of the provisional value of each lot of the copper concentrates based on the average official LME cash price within 5 days prior to the bill of lading date by telegraphic transfer within 15 working days after YTATR received all shipment documents. Final settlement value payable by YTATR is calculated by the adjustment of payable metal and the deduction of charges and penalties from the final commercial value. The remaining payment for final settlement value shall be settled no later than 5 working days after the final analysis and weights of the copper concentrates were confirmed by both YTATR and YTPAH and no later than the fourth calendar month following the month of issuance of the bill of lading as evidenced by the date of the bill of lading.

There is no revenue under the Copper Supply Contract for the year ended 31 December 2018.

(c) Annual review

The INED have reviewed and confirmed that the continuing connected transactions contemplated under the Tin Supply Contract and the Copper Supply Contract were entered into (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreement governing it on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. Pursuant to 14A.56 of the Listing Rules, the Company has engaged the Company's external auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified assurance report in respect of the continuing connected transactions as disclosed by the Group in pages 40 to 42 in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange. The Company confirms that they have complied with the disclosure requirements with respect to those continuing connected transactions in accordance with Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the information in relation to the related party transactions of the Group during the year are set out in note 36 to the Consolidated Financial Statements.

EMOLUMENT POLICY

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

The emoluments of the Directors will be decided by the Board based on the recommendation of the remuneration committee of the Company 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 ended 31 December 2018.

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 PRC, 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 34 to the Consolidated Financial Statements.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, except the deviation disclosed in the section headed Deviations from the Code Provisions in the Corporate Governance Report, the Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2018.

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, all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2018.

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 to be independent.

AUDIT COMMITTEE

The audit committee of the Company 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.

The Group's consolidated financial statements for the year ended 31 December 2018 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 within 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 2018 and as at the latest practicable date prior to the issue of this report (i.e 26 April 2019).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 116.

AUDITOR

The Company has not changed its auditor in any of the preceding three years.

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

Li Dong
Chairman

22 March 2019

Independent Auditor's Report

Deloitte. 德勤

TO THE SHAREHOLDERS OF
GREENTECH TECHNOLOGY INTERNATIONAL LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Greentech Technology International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 49 to 115, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Reversal of impairment losses recognised on mining related property, plant and equipment and exploration and evaluation assets	
We identified the reversal of impairment losses recognised on mining related property, plant and equipment and exploration and evaluation assets as a key audit matter due to significant judgement involved by the management of the Group in determining the recoverable amount of the cash-generating unit during the value in use assessment. For the impairment assessment of the Group's mining related property, plant and equipment (which mainly include the mine properties and developments, buildings, construction in progress and machineries for the mine operation) and exploration and evaluation assets, the recoverable amount of the cash-generating unit was determined based on the higher of fair value less costs of disposal and value in use which is based on discounted cash flow method taking into account a suitable discount rate. Significant change in future tin price and exchange rate of United States Dollar ("USD") against Australian Dollar ("AUD"), among the other things, may result in additional impairment loss or reversal of impairment loss on the mining assets. The Group has mining related property, plant and equipment and exploration and evaluation assets of HK$373.6 million and HK$165.0 million respectively as at 31 December 2018. Reversal of impairment loss was recognised in respect of the mining related property, plant and equipment and exploration and evaluation assets of HK$65.1 million and HK$29.8 million respectively during the current year. Further details of the reversal of impairment assessment on the Group's mining related property, plant and equipment and exploration and evaluation assets are outlined in note 15 to the consolidated financial statements.	Our procedures in relation to the reversal of impairment losses recognised on mining related property, plant and equipment and exploration and evaluation assets included: • engaging our internal valuation expert to evaluate the appropriateness of the model used by management to determine the recoverable amount of the cash-generating unit; • evaluating the reasonableness of the key assumptions (including the future tin price, the AUD/USD exchange rates and the discount rates) used in the model against external data and historical performance of the cash-generating unit; • checking the input data to supporting documentation; and • considering the sufficiency of the disclosures in respect of reversal of impairment assessment included in the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Lee Wing Cheong, Wilfred.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 March 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	5	**431,969**	428,938
Cost of sales		**(417,425)**	(376,663)
Gross profit		**14,544**	52,275
Interest income		**392**	599
Administrative expenses		**(40,783)**	(31,080)
Other expenses	7	**(9,943)**	(6,978)
Other gains and losses	8	**27,705**	16,529
Finance costs	9	**(5,027)**	(14,195)
Reversal of impairment loss recognised on property, plant and equipment	15	**65,147**	40,498
Reversal of impairment loss recognised on exploration and evaluation assets	16	**29,762**	14,176
Profit before taxation		**81,797**	71,824
Taxation	11	**(37,620)**	(23,190)
Profit for the year	12	**44,177**	48,634
Other comprehensive (expense) income for the year			
Item that will not be reclassified to profit or loss:			
Exchange difference arising on translation to presentation currency		**(51,744)**	30,777
Total comprehensive (expense) income for the year		**(7,567)**	79,411
Profit for the year attributable to:			
Owners of the Company		**39,345**	25,402
Non-controlling interests		**4,832**	23,232
		44,177	48,634
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(10,785)**	54,651
Non-controlling interests		**3,218**	24,760
		(7,567)	79,411
Earnings per share			
Basic (HK cents)	13	**0.6**	0.4

Consolidated Statement of Financial Position

As at 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	15	**373,618**	409,513
Exploration and evaluation assets	16	**164,974**	142,934
Deposits	17	**15,111**	14,099
		553,703	566,546
Current assets			
Inventories	18	**45,784**	34,657
Trade receivables	19	**24,670**	55,499
Other receivables, prepayments and deposits		**12,046**	8,936
Equity security at fair value through profit or loss ("FVTPL")	20	**1,015**	—
Held-for-trading investment	20	**—**	2,820
Tax recoverable		**39,273**	—
Bank balances and cash	21	**142,137**	190,441
		264,925	292,353
Current liabilities			
Trade payables	22	**31,909**	40,820
Other payables and accruals	23	**104,090**	104,178
Other borrowing	24	**56,580**	59,793
Obligations under finance lease	25	**14,171**	19,470
Tax payables		**—**	7,450
		206,750	231,711
Net current assets		**58,175**	60,642
Total assets less current liabilities		**611,878**	627,188

Consolidated Statement of Financial Position (Continued)

As at 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Capital and reserves			
Share capital	26	**34,150**	34,150
Reserves		**466,027**	476,812
Equity attributable to owners of the Company		**500,177**	510,962
Non-controlling interests		**4,662**	9,352
Total equity		**504,839**	520,314
Non-current liabilities			
Obligations under finance lease	25	**9,423**	22,576
Deferred tax liabilities	27	**78,442**	63,817
Provision for rehabilitation	28	**19,174**	20,481
		107,039	106,874
		611,878	627,188

The consolidated financial statements on pages 49 to 115 were approved and authorised for issue by the Board of Directors on 22 March 2019 and are signed on its behalf by:

LI DONG
DIRECTOR

NIE DONG
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Attributable to owners of the Company								
	Share capital HK$'000	**Share premium** HK$'000	**Translation reserve** HK$'000	**Special reserve** HK$'000 (note a)	**Other reserve** HK$'000 (note b)	**Accumulated losses** HK$'000	**Sub-total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 1 January 2017	25,650	822,927	(114,868)	7,800	(1,280)	(419,918)	320,311	(10,029)	310,282
Profit for the year	–	–	–	–	–	25,402	25,402	23,232	48,634
Exchange difference arising on translation to presentation currency	–	–	29,249	–	–	–	29,249	1,528	30,777
Total comprehensive income for the year	–	–	29,249	–	–	25,402	54,651	24,760	79,411
Shares issued and allotted (note 26)	8,500	127,500	–	–	–	–	136,000	–	136,000
Dividend paid to non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	(5,379)	(5,379)
	8,500	127,500	–	–	–	–	136,000	(5,379)	130,621
At 31 December 2017	34,150	950,427	(85,619)	7,800	(1,280)	(394,516)	510,962	9,352	520,314
Profit for the year	**–**	**–**	**–**	**–**	**–**	**39,345**	**39,345**	**4,832**	**44,177**
Exchange difference arising on translation to presentation currency	**–**	**–**	**(50,130)**	**–**	**–**	**–**	**(50,130)**	**(1,614)**	**(51,744)**
Total comprehensive (expense) income for the year	**–**	**–**	**(50,130)**	**–**	**–**	**39,345**	**(10,785)**	**3,218**	**(7,567)**
Dividend paid to non-controlling shareholder of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7,908)**	**(7,908)**
At 31 December 2018	**34,150**	**950,427**	**(135,749)**	**7,800**	**(1,280)**	**(355,171)**	**500,177**	**4,662**	**504,839**

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

Note (b): Other reserve represented the difference between the considerations paid for acquisition of additional interest in a subsidiary in prior years and the carrying amount of non-controlling interests (being the proportionate share of the carrying amount of the net asset of that subsidiary).

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**81,797**	71,824
Adjustments for:		
Interest income	**(392)**	(599)
Interest expense	**5,027**	14,195
Loss on disposal of property, plant and equipment	**1,192**	422
Reversal of impairment loss recognised on property, plant and equipment	**(65,147)**	(40,498)
Reversal of impairment loss recognised on exploration and evaluation assets	**(29,762)**	(14,176)
Depreciation of property, plant and equipment	**142,904**	125,220
Fair value change on equity security at FVTPL	**1,805**	—
Adjustment on provision for rehabilitation cost	**235**	7,255
Fair value change on held for trading investment	**—**	1,100
Unrealised foreign exchange loss (gain)	**5,861**	(4,531)
Operating cash flows before movements in working capital	**143,520**	160,212
Increase in inventories	**(15,328)**	(13,017)
Decrease in trade receivables	**27,108**	2,583
Increase in other receivables, prepayments and deposits	**(6,712)**	(4,613)
(Decrease) increase in trade payables	**(5,323)**	16,446
Increase (decrease) in other payables and accruals	**8,197**	(13,328)
Cash generated from operations	**151,462**	148,283
Australian Company Tax paid	**(57,327)**	—
NET CASH FROM OPERATING ACTIVITIES	**94,135**	148,283
INVESTING ACTIVITIES		
Interest received	**392**	599
Purchase of property, plant and equipment	**(74,229)**	(89,748)
Proceeds from disposal of property, plant and equipment	**—**	696
Exploration and evaluation expenditure incurred	**(14,669)**	(9,330)
NET CASH USED IN INVESTING ACTIVITIES	**(88,506)**	(97,783)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2018

	2018 HK$'000	2017 HK$'000
FINANCING ACTIVITIES		
Interest paid	**(1,485)**	(2,402)
Repayment of other borrowings	**(6,300)**	—
Repayment of obligations under finance lease	**(15,329)**	(17,285)
Dividend paid to non-controlling shareholder of a subsidiary	**(7,908)**	(5,379)
CASH USED IN FINANCING ACTIVITIES	**(31,022)**	(25,066)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(25,393)**	25,434
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(22,911)**	4,508
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**190,441**	160,499
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by		
Bank balances and cash	**142,137**	190,441

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018

1. GENERAL INFORMATION

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 are 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 to its subsidiaries. The major subsidiary of the Company engages in exploration, development and mining of tin and copper bearing ores in Australia through a joint operation with details set out in notes 14 and 40. The principal activities of other subsidiaries are set out in note 40.

The Company's functional currency is Australian Dollar ("AUD"). The consolidated financial statements are presented in Hong Kong Dollar ("HK$") as the directors of the Company consider that HK$ is the appropriate presentation currency for the convenience of the users of the consolidated financial statements.

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

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs and the interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from sales of tin and copper bearing ores.

The Group has performed an assessment on the impact of the adoption of HKFRS 15 and concluded that no material financial impact exists, and therefore no adjustment to the opening balance of accumulated losses or the non-controlling interests as at 1 January 2018 is required. Information about the Group's accounting policies resulting from application of HKFRS 15 is disclosed in note 3.

HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 9 "Financial Instruments" (Continued)

Summary of effects arising from initial application of HKFRS 9

Classification and measurement of financial assets

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. The held-for-trading investment of HK$2,820,000 as at 1 January 2018 were reclassified as equity securities at FVTPL with no other financial impact on the opening accumulated losses and non-controlling interests. The trade receivables of HK$55,499,000 as at 1 January 2018 were reclassified as trade receivables at FVTPL with no other financial impact on the opening accumulated losses and non-controlling interests. There are no other changes in classification and measurement on the Group's financial assets.

Impairment under ECL model

ECL for other financial assets at amortised cost, including other receivables and bank balances, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The directors of the Company consider that the probability of default is negligible for bank balances placed in banks with high credit rating and other receivables and deposits and concluded that no loss allowance to be recognised as at 1 January 2018.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretation that have been issued but are yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after a date to be determined

3 Effective for annual periods beginning on or after 1 January 2021

4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

5 Effective for annual periods beginning on or after 1 January 2020

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

Except for HKFRS 16 mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and interpretation will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of approximately HK$1,334,000 as disclosed in note 31. These arrangements will meet the definition of a lease under HKFRS 16. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases.

In addition, the Group currently considers refundable rental deposits paid of approximately HK$600,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 16 "Leases" (Continued)

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group will elect the practical expedient of HKFRS 16 which allows the Group not to reassess whether the contracts are or contain a lease which already existed prior to the date of initial application. Furthermore, the Group will elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulative losses without restating comparative information.

3. 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 of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, 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 and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. 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 and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries 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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Interest in joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest in joint operation (Continued)

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Interest in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is 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 joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), 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 the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee 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 and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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 joint venture. When necessary, the entire carrying amount of investment (include 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 of disposal) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2)

HKFRS 15 introduces a 5-step approach when recognising revenue:

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

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents goods and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue from the sales of goods (i.e. tin or copper concentrate) is recognised at a point in time when the goods are delivered and control of the goods is transferred to the customer.

Price adjustments in case of provisionally priced sales

The Group has provisionally priced sales where the contract terms for the Group's tin or copper concentrate sales allow for a price adjustment based on a final assay of the goods determined after discharge. The Group assesses such provisional pricing to be a variable consideration and recognises revenue at an amount representing the Group's best estimate for the expected final consideration. This amount is based on the most recently determined estimate of product assays. The Group based on the past experiences on the quantity and quality delivered to assess the likelihood of significant reversals to ensure that revenue is only recognised to the extent that it is highly probable that significant reversal will not occur. Any adjustments to the final price are recognised as revenue.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2) (Continued)

Changes in fair value of provisionally prices sales

For the provisional pricing arrangements, where the period between provisional invoicing and quotation period completion is approximately 45 days for tin concentrate and 90 days for copper concentrate, the Group re-estimates the fair value of the final sales price adjustment continually by reference to forward market prices. The change in value of the provisionally priced receivable is based on relevant forward market prices and is included in revenue.

Shipping services

For contracts that contain other performance obligation, such as shipping services, the Group allocates the transaction price to the performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct service underlying the performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised service separately to a customer. If a standalone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised services to the customer.

The Group is responsible for providing shipping services after the date at which control of the goods passes to the customer at the loading port. Presently, the Group recognises such freight revenue in full on loading. HKFRS 15 views this freight service as a separate performance obligation and therefore requires revenue and the associated cost to be recognised when the freight service has been provided. However, in light of the insignificance of shipping service obligation to the entire contracts of sale of goods, the Group has determined not to separately recognise the freight revenue and its associated cost.

Revenue recognition (prior to 1 January 2018)

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 sales related taxes.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below.

Revenue from the sale of goods is recognised when the goods are delivered and title have passed.

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 properties under construction as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply 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.

Depreciation is recognised so as to write off the cost of property, plant and equipment (other than properties under construction and mine properties and developments) 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.

Mine properties and developments (including the main and auxiliary mine shafts, underground tunnels and open-pit platforms) are depreciated using the unit of production method over the remaining life of the mine. The life of mine is based on the total estimated proven and probable reserves of the ore mines.

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 profit or loss.

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 viability 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 assets 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 mine properties and developments. These assets are assessed for impairment before reclassification.

3. 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, and is not expected to be renewed.

- 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.

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 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 recognised 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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period, 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 (attributed to non-controlling interests as appropriate).

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 or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All 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) and the People's Republic of China (the "PRC") and the Mandatory Provident Fund Scheme in Hong Kong are recognised as expenses when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liabilities 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 deferred assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in a joint venture, 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 and interests 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 rates (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 are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible 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 relevant asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on pro-rata basis based on the carrying amount of each asset in unit. The carrying amount of an asset is not reduced below the highest of its fair value less cost of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (net of amortisation and depreciation) had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised 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 except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets 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 FVTPL are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 debt instrument, 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.

Financial assets

Classification and measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2)

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (Continued)

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend earned on the financial asset and is included in the "other gains and losses" line item.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)

The Group's financial assets are classified into investment held for trading and loans and receivables. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition. 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.

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 term; or
- on initial recognition it is a part of a portfolio of identified 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 stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Fair value is determined in the manner described in note 29(c).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018) (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, refundable deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including other receivables and deposits and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For all financial assets other than trade receivables, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 2) (Continued)

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 2) (Continued)

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018)

Financial assets, other than investment held for trading, are assessed for indicators of impairment at the end of each 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.

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 recognised 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, 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.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the 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 investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

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.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Debt 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 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 an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables and accruals and other borrowing are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities are when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provision for rehabilitation cost

Provision for rehabilitation cost is recognised when the Group has a present obligation (legal or constructive) 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. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability and does not reflect risks for which future cash flow estimates have been adjusted. 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make various estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience, expectations of future and other factors 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.

Reversal of impairment losses of mining related property, plant and equipment and exploration and evaluation assets

Determining whether mining-related property, plant and equipment (which mainly includes the buildings, construction in progress and machineries for the mine operation) and exploration and evaluation assets are impaired or reversal of impairment losses requires an estimation of the value in use of the cash-generating units 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 units (i.e. estimation of the total proven 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 different from expected, an additional impairment loss or reversal of impairment loss may arise.

In view of the continuous increase in tin price during the current and prior year, the recoverable amount of the cash-generating units of the Renison underground mine is higher than its carrying value as at 31 December 2018 and 2017. Accordingly, reversal of impairment losses on mining related property, plant and equipment and exploration and evaluation assets of approximately HK$65,147,000 and HK$29,762,000 (2017: HK$40,498,000 and HK$14,176,000), respectively are recognised in profit or loss for the years ended 31 December 2018 and 2017.

Details of impairment assessment on the cash-generating units is disclosed in note 15.

Depreciation on mine properties and developments included in property, plant and equipment

Mine properties and developments are depreciated using the unit of production method based on the actual production volume over the estimated total proven 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 becomes 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 depreciation expenses of mine properties and developments.

The carrying amounts of the mine properties and developments as at 31 December 2018 and 2017 are disclosed in note 15.

5. REVENUE

Revenue represents the net amounts received and receivable for tin or copper concentrate sold in the normal course of business, net of sales related taxes. All of the Group revenue is recognised at point in time. The categories for disaggregation of revenue are consistent with the segment disclosure in note 6.

6. SEGMENT INFORMATION

The executive directors of the Company have been identified as chief operating decision makers. The executive directors consider exploration, development and mining of tin and copper bearing ores in Australia ("Mining Operations"), held under the joint operation (set out in note 14), is the principal activity of the Group and represents one single segment. Segment information is not reported to the executive directors of the Company for resource allocation and assessment purpose.

Segment revenue, results, assets and liabilities are therefore the same as the amounts presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position.

Revenue from major products

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

	2018 **HK$'000**	2017 HK$'000
Sales of tin concentrate	**431,969**	428,938

Geographical information

The Group's Mining Operations are located in Australia.

The revenue of the Group is derived from the sole customer located in Australia based on the place of incorporation of the customer.

As at 31 December 2018, non-current assets (excluding deposits) of the Group of HK$537,707,000 (2017: HK$551,284,000), HK$693,000 (2017: HK$955,000) and HK$192,000 (2017: HK$208,000) were located in Australia, the PRC and Hong Kong, respectively.

Information about the sole customer

	2018 **HK$'000**	2017 HK$'000
Yunnan Tin Australia TDK Resources Pty Limited ("YTATR")*	**431,969**	428,938

* YTATR is a subsidiary of the non-controlling shareholder of a subsidiary of the Company.

7. OTHER EXPENSES

The amount comprises legal and professional fees of HK$9,943,000 (2017: HK$6,978,000) for the year ended 31 December 2018.

8. OTHER GAINS AND LOSSES

	2018 HK$'000	2017 HK$'000
Fair value change of held-for-trading investment	**—**	(1,100)
Fair value change of equity security at FVTPL	**(1,805)**	—
Net foreign exchange gain	**30,598**	18,051
Loss on disposal of property, plant and equipment	**(1,192)**	(422)
Others	**104**	—
	27,705	16,529

9. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interests on obligations under finance leases	**1,485**	2,402
Unwinding of discount on provision for rehabilitation (note 28)	**454**	55
Interest on other borrowing (Note)	**3,088**	11,738
	5,027	14,195

Note: Details of the other borrowing are set out in note 24.

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES EMOLUMENTS

Directors' and chief executive's emoluments

The emoluments paid or payable to each of the eleven (2017: nine) directors of the Company were as follows:

	Executive Directors (note (ii))					Non-Executive Director (note (iii))	Independent Non-Executive Directors (note (iii))					
	Li Dong HK$'000 (note (v))	Nie Dong HK$'000 (note (iv))	Cheung Wai Kuen HK$'000	Wang Chuanhu HK$'000	Xie Yue HK$'000 (note (v))	Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P HK$'000 (note (ix))	Chi Chi Hung Kenneth HK$'000	Chow Wing Chau HK$'000 (note (x))	Zeng Jin HK$'000 (note (xi))	Tan Kuang Hwee HK$'000 (note (xii))	James Munn HK$'000 (note (viii))	Total HK$'000
For the year ended 31 December 2018												
Fees	–	2,448	650	265	1,080	–	199	30	166	128	–	4,966
Other emoluments:	–											
Salaries and allowances	–	1,475	715	–	–	–	–	–	–	–	–	2,190
Contributions to retirement benefit scheme	–	18	18	–	–	–	–	–	–	–	–	36
Total emoluments	–	3,941	1,383	265	1,080	–	199	30	166	128	–	7,192

	Executive Directors (note (ii))						Independent Non-Executive Directors (note (iii))			
	Li Dong HK$'000 (note (v))	Nie Dong HK$'000 (note (iv))	Cheung Wai Kuen HK$'000	Wang Chuanhu HK$'000	Xie Yue HK$'000 (note (v))	Dr. Shi Simon Hao HK$'000 (note (vi))	Chi Chi Hung Kenneth HK$'000	Deng Shichuan HK$'000 (note (vii))	James Munn HK$'000 (note (viii))	Total HK$'000
For the year ended 31 December 2017										
Fees	–	1,974	650	265	180	1,191	199	184	184	4,827
Other emoluments:										
Salaries and allowances	–	1,101	715	–	–	–	–	–	–	1,816
Contributions to retirement benefit scheme	–	18	18	–	–	–	–	–	–	36
Discretionary bonus (note (i))	–	–	–	–	–	397	–	–	–	397
Other benefit	–	–	–	–	–	–	–	49	49	98
Total emoluments	–	3,093	1,383	265	180	1,588	199	233	233	7,174

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES EMOLUMENTS (Continued)

Directors' and chief executive's emoluments (Continued)

Notes:

(i) The bonus is discretionary and is determined by the remuneration committee by reference to the individual performance of the director.

(ii) The executive directors' emoluments shown above were paid for the services in connection with the management of the affairs of the Company and the Group.

(iii) The non-executive director's and independent non-executive directors' emoluments shown above were paid for the services as directors of the Company.

(iv) Nie Dong was the Chief Executive Officer of the Company for the years ended 31 December 2018 and 2017 and his emoluments disclosed above include those services rendered by him as Chief Executive Officer.

(v) Li Dong and Xie Yue were appointed as executive directors of the Company with effect from 15 August 2017.

(vi) Dr. Shi Simon Hao resigned as executive director of the Company with effect from 30 September 2017.

(vii) Deng Shichuan resigned as independent non-executive director of the Company with effect from 3 December 2017.

(viii) James Munn was removed as independent non-executive director of the Company at an extraordinary general meeting of the Company and with effect from 19 January 2018.

(ix) Tan Sri 'Koo Yuen Kim P.S.M., D.P.T.J.J.P was appointed as non-executive director of the Company with effect from 20 March 2018.

(x) Chow Wing Chau was appointed as independent non-executive director of the Company with effect from 6 November 2018.

(xi) Zeng Jin was appointed as independent non-executive director of the Company with effect from 1 March 2018.

(xii) Tan Kuang Hwee was appointed as independent non-executive director of the Company with effect from 10 May 2018 and resigned as independent non-executive director of the Company with effect from 1 December 2018.

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2017: three) were directors of the Company, details of whose emoluments are included above. The emoluments of the remaining three (2017: two) individuals were as follows:

	2018 HK$'000	2017 HK$'000
Salaries and allowances	**11,011**	3,084
Contributions to retirement benefit scheme	**285**	36
	11,296	3,120

The emolument of the remaining three (2017: two) individuals for the year was within the following bands:

	2018 No. of employees	2017 No. of employees
HK$1,000,001 to HK$1,500,000	**—**	1
HK$1,500,001 to HK$2,000,000	**2**	1
HK$2,000,001 to HK$2,500,000	**1**	—

During both years, no emoluments were paid by the Group to the directors, chief executive 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 or chief executive of the Company waived or agreed to waive any emoluments.

11. TAXATION

	2018 HK$'000	2017 HK$'000
The taxation comprises:		
Current tax — Australian Company Tax	**13,510**	7,299
Deferred tax charge for the year (note 27)	**24,110**	15,891
	37,620	23,190

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the subsidiaries incorporated in Hong Kong have no assessable profits for both years.

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

Under Australian tax law, the tax rate used for the year is 30% (2017: 30%) on taxable profits on Australian incorporated entities.

The taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 HK$'000	2017 HK$'000
Profit before taxation	**81,797**	71,824
Tax at Australia Profits Tax rate of 30% (2017: 30%)	**24,539**	21,547
Tax effect of expenses not deductible for tax purpose	**12,965**	3,621
Tax effect of income not taxable for tax purpose	**(30)**	(2,332)
Tax effect of tax losses not recognised	**146**	354
Taxation for the year	**37,620**	23,190

12. PROFIT FOR THE YEAR

	2018 HK$'000	2017 HK$'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**2,427**	2,280
Cost of inventories recognised as an expense	**417,425**	376,663
Depreciation of property, plant and equipment	**142,904**	125,220
Minimum lease payments in respect of rented premises	**2,555**	2,494
Staff costs (including directors' emoluments (as disclosed in note 10))		
— Salaries and other benefits	**112,828**	92,348
— Contributions to retirement benefit schemes	**8,413**	7,772
	121,241	100,120

13. EARNINGS PER SHARE

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

	2018 HK$'000	2017 HK$'000
Profit for the purposes of basic earnings per share:		
— Profit for the year attributable to owners of the Company	**39,345**	25,402

	2018 Number of shares	2017 Number of shares
Number of ordinary shares for the purpose of basic earnings per share	**6,830,000,000**	6,061,506,849

No diluted earnings per share is presented as there were no dilutive potential ordinary shares during both years.

14. JOINT ARRANGEMENTS

Joint operation

In July 2010, Gallop Pioneer Limited ("GPL"), as the purchaser, a wholly owned subsidiary of the Company, and Mr. Chan Kon Fung (an independent third party) as the vendor ("Vendor"), signed a sale and purchase agreement ("Parksong S&P Agreement") in relation to the acquisition of 100% interest in Parksong Mining and Resource Recycling Limited ("Parksong"). The completion of the acquisition of Parksong took place on 4 March 2011 (the "Date of Completion"). Parksong holds 82% interest in Yunnan Tin Hong Kong (Holding) Group Co., Limited ("YTHK") and its subsidiaries (including YT Parksong Australia Holding Pty Limited ("YTPAH")) as at the Date of Completion.

YTPAH and Bluestone Mines Tasmaina Pty Ltd. ("BMT"), an independent third party, entered into a joint venture agreement (the "JV Agreement") that an unincorporated joint venture was established by YTPAH and BMT to jointly manage certain mining projects ("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 Retails tailing retreatment projects (hereinafter collectively referred to as the "Mining Assets"). According to the JV Agreement, YTPAH and BMT severally owned 50% interests of the Mining Assets. Each of YTPAH 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.

Pursuant to the Parksong S&P Agreement, other than the assets and liabilities relating to the JV Projects, the Vendor is entitled to receive and is obliged to pay cash in respect of the receivables and payables of Parksong and its subsidiaries at the Date of Completion. As such, at the Date of Completion, the Group recognised a net payable to the Vendor, representing the excess of receivables over payables that the Vendor is entitled to receive and the Group is obliged to pay to Vendor in cash, as other payables (see note 23).

The JV Projects are managed by a management committee ("Management Committee") of Bluestone Mines Tasmania Joint Venture Pty Limited ("BMTJV"). Each of YTPAH and BMT is entitled to appoint three representatives to the Management Committee. Under the JV Agreement, certain key decisions on relevant activities, including but not limited to strategic financial and operating policies of those JV Projects, require the unanimous consent from both YTPAH and BMT. Other operational decisions, which are not relevant activities, made by the Management Committee require a simple majority vote. Hence, YTPAH 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 joint operation. The Group's share of the assets, liabilities, revenue and expenses in relation to the JV Projects are reflected in the consolidated financial information of YTHK and its subsidiary, YTPAH as disclosed in note 40.

14. JOINT ARRANGEMENTS (Continued)

Joint Venture

The Company has indirect interests in a joint venture as follows:

Name of entity	Form of entity	Place of incorporation	Issued and fully paid up share capital	Equity interest and voting power attributable to the Company 2018	Equity interest and voting power attributable to the Company 2017	Principal activity
BMTJV	Incorporated	Australia	AUD2	**50%**	50%	Provision of management services in mining projects of the Group in Australia

BMTJV is a limited liability company incorporated in Australia by YTPAH and BMT. BMTJV was appointed to provide management services to 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 2018 and 2017 and its income and expenses incurred during the years ended 31 December 2018 and 2017 were borne by the JV Projects.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Mine properties and developments HK$'000	Leasehold improvement HK$'000	Construction in progress HK$'000	Furniture and fixtures HK$'000	Plant, machinery and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST								
At 1 January 2017	33,234	721,788	5,560	3,978	3,869	208,446	11,639	988,514
Exchange adjustments	3,073	66,888	42	1,573	—	19,111	948	91,635
Additions	—	34,083	—	64,885	4	3,651	962	103,585
Disposals	—	—	—	—	—	(20)	(2,634)	(2,654)
Transfer from exploration and evaluation assets (note 16)	—	22,275	—	—	—	—	—	22,275
Transfer upon completion	2,018	—	—	(3,479)	—	1,461	—	—
At 31 December 2017	**38,325**	**845,034**	**5,602**	**66,957**	**3,873**	**232,649**	**10,915**	**1,203,355**
Exchange adjustments	**(3,742)**	**(85,488)**	**(31)**	**(3,145)**	**—**	**(25,207)**	**(901)**	**(118,514)**
Additions	**—**	**23,069**	**—**	**51,118**	**—**	**871**	**690**	**75,748**
Disposals	**—**	**—**	**—**	**—**	**—**	**(1,099)**	**(325)**	**(1,424)**
Transfer from exploration and evaluation assets (note 16)	**—**	**6,536**	**—**	**—**	**—**	**—**	**—**	**6,536**
Transfer upon completion	**1,410**	**50,406**	**—**	**(104,265)**	**—**	**52,449**	**—**	**—**
At 31 December 2018	**35,993**	**839,557**	**5,571**	**10,665**	**3,873**	**259,663**	**10,379**	**1,165,701**
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 January 2017	7,283	528,991	5,560	—	3,864	99,584	5,265	650,547
Exchange adjustments	693	49,305	42	—	—	9,673	396	60,109
Provided for the year	1,448	91,090	—	—	9	30,827	1,846	125,220
Reversal of impairment loss recognised	—	(40,498)	—	—	—	—	—	(40,498)
Eliminated on disposals	—	—	—	—	—	(18)	(1,518)	(1,536)
At 31 December 2017	**9,424**	**628,888**	**5,602**	**—**	**3,873**	**140,066**	**5,989**	**793,842**
Exchange adjustments	**(994)**	**(62,955)**	**(31)**	**—**	**—**	**(14,733)**	**(571)**	**(79,284)**
Provided for the year	**1,632**	**114,439**	**—**	**—**	**—**	**24,985**	**1,848**	**142,904**
Reversal of impairment loss recognised	**—**	**(65,147)**	**—**	**—**	**—**	**—**	**—**	**(65,147)**
Eliminated on disposals	**—**	**—**	**—**	**—**	**—**	**(232)**	**—**	**(232)**
At 31 December 2018	**10,062**	**615,225**	**5,571**	**—**	**3,873**	**150,086**	**7,266**	**792,083**
CARRYING VALUES								
At 31 December 2018	**25,931**	**224,332**	**—**	**10,665**	**—**	**109,577**	**3,113**	**373,618**
At 31 December 2017	28,901	216,146	—	66,957	—	92,583	4,926	409,513

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Other than construction in progress and mine properties and developments, the above items of property, plant and equipment are depreciated using the straight-line basis at the following rates per annum:

Buildings	4%–20%
Leasehold improvement	Over the term of the lease
Furniture and fixtures	20%
Plant, machinery and equipment	10%–33%
Motor vehicles	12.5%–25%

Depreciation on mine properties and developments is provided to write off the cost of the mine properties and developments using the unit of production method over the remaining life of the mine. The life of mine is based on the total estimated proven and probable reserves of the ore mines. Effective depreciation rate for the year ended 31 December 2018 is 14.7% (2017: 13.8%).

The Group's management determines the estimated useful lives of approximately 10 years (2017: 9 years) for its mine operation based on the proven and probable reserves. Meanwhile, in November 2017 the Group has renewed the term of the lease to 1 August 2031.

As at 31 December 2018, the carrying values of property, plant and equipment included an aggregate amount of approximately HK$28,900,000 (2017: HK$38,617,000) in respect of assets held under finance leases. Such property, plant and equipment had been pledged to secure the finance leases granted.

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Reversal of impairment loss on the cash-generating unit of the Renison underground mine

For the purposes of impairment testing, mining-related property, plant and equipment (which mainly include the mine properties and developments, buildings, construction in progress and machineries for the mine operation) and exploration and evaluation assets have been considered as one cash-generating unit ("CGU of the Mining Operation") as these assets are related to the Renison underground mine.

The recoverable amount of the CGU of the Mining Operation of approximately AUD95,356,000 (equivalent to approximately HK$526,079,000) as at 31 December 2018 (2017: approximately AUD90,382,000 (equivalent to approximately HK$551,284,000) was determined based on the higher of fair value less costs of disposal and value in use. The Group's management applied discounted cash flow method to assess the recoverable amount of the CGU of the Mining Operation. The discounted cash flow method was based on a discount rate of 17% (2017: 17%) and cash flow projection prepared from financial forecasts approved by the directors of the Company covering the expected mine life period until the mine resources run out based on proved and probable reserves and applied a probability on the indicated resources. The discount rate was estimated by using the capital asset pricing model, with reference to the risk free rate, which represents the 10-year Australia government bond yield, at 2.32% (2017: 2.63%). The aggregate amount of reserve and resources used in the projection is 6.65 million tonnes and it is assumed the mineral reserve is mined over approximately 10 years at a rate of up to 0.67 million tonnes per annum. Such assumptions are based on the estimation provided by the management of the Group. The discount rate used reflects current market assessments of the time value of money and the risks specific to the cash-generating unit for which the estimates of future cash flows have not been adjusted. Other key assumptions for the calculation related to the estimation of cash inflows/outflows include AUD/United States Dollar ("USD") forward exchange rate ranging from 1:0.697 to 1:0.713 (2017: 1:0.743 to 1:0.780), future price of tin of USD20,280 (2017: USD20,500) per tonne, which is benchmarked to analyst consensus forecast, and production rate of 1.39% (2017: 1.40%) per tonne.

As at 31 December 2018, in view of the continuous increase in the tin price, the recoverable amount of the CGU of the Mining Operation is higher than its carrying value by HK$94,909,000 (2017: HK$54,674,000). Accordingly, reversal of impairment losses on mine properties and developments and exploration and evaluation assets allocated to the CGU of the Mining Operation of approximately HK$65,147,000 and HK$29,762,000 (2017: HK$40,498,000 and HK$14,176,000) respectively, which are allocated on a pro-rata basis based on the respective carrying value of mine properties and developments and exploration and evaluation assets, are recognised in profit or loss for the year ended 31 December 2018, respectively.

16. EXPLORATION AND EVALUATION ASSETS

	HK$'000
CARRYING AMOUNT	
At 1 January 2017	129,836
Additions	9,330
Transfer to property, plant and equipment (note 15)	(22,275)
Reversal of impairment loss recognised	14,176
Exchange adjustment	11,867
At 31 December 2017	**142,934**
Additions	**14,669**
Transfer to property, plant and equipment (note 15)	**(6,536)**
Reversal of impairment loss recognised	**29,762**
Exchange adjustment	**(15,855)**
At 31 December 2018	**164,974**

Impairment testing on the cash-generating unit of the Renison underground mine, including the exploration and evaluation assets, has been disclosed in note 15.

17. DEPOSITS

Deposits with the carrying amount of HK$15,111,000 (2017: HK$14,099,000) as at 31 December 2018 represent deposits paid by the Group to the Mineral and Resources 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.

18. INVENTORIES

	2018 HK$'000	2017 HK$'000
Tin concentrates	**12,658**	13,214
Ore stocks	**14,964**	5,697
Work-in-progress	**985**	472
Tin in circuit	**—**	108
Spare parts	**16,615**	14,972
Others	**562**	194
	45,784	34,657

19. TRADE RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	**24,670**	55,499

The Group allows a credit period of 3 working days for 85% of the provisional value upon the delivery of goods (at the point when control of goods is transferred to customer) and issue of provisional invoices. For the remaining 15%, the Group allows a credit period of 10 working days after the issue of final invoice, which is derived based on the mutual agreement on grade and weights of tin or copper concentrates with the customer and the adjustments on the final sales prices based on the market price of tin. It normally takes around 1 to 2 months after delivery of goods for the issue of final invoice. The following is an ageing analysis of trade receivables presented based on final invoice date at the end of the reporting period.

	2018 HK$'000	2017 HK$'000
0–30 days	**24,670**	55,499

Before application of HKFRS 9, the Group had a policy of allowance for bad and doubtful debts which was 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 the 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. As at 31 December 2017, the trade receivables were neither past due nor impaired with satisfactory credit quality under the management's assessment and with good past repayment record. The directors of the Company also believe that there was no impairment required for the trade receivables as at the end of the reporting period.

As at 31 December 2018, the Group did not hold any collateral or other credit enhancements to cover its credit risks associated with the trade receivables classified as financial assets at FVTPL. Accordingly, its carrying amount of HK$24,670,000 represents the maximum exposure to credit risk at 31 December 2018.

As at 31 December 2017, the Group had concentration of credit risk on trade receivables from a customer of sales of tin and copper concentrate, YTATR which is a tin and copper refining and processing company located in Australia. YTATR is a subsidiary of the non-controlling shareholder of a subsidiary of the Company. The management reviews the recoverable amount on trade receivables from 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.

As at 31 December 2018 and 2017, the carrying amounts of the Group's trade receivables were all denominated in USD, currency other than the functional currency of the respective group entity.

Details of fair value measurement at 31 December 2018 was set out in note 29(c).

20. EQUITY SECURITY AT FVTPL/HELD-FOR-TRADING INVESTMENT

	2018 HK$'000	2017 HK$'000
Equity security listed in Hong Kong	**1,015**	2,820

Fair value of the equity security is based on quoted market bid price at the end of the reporting period.

21. 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 0.3% (2017: 0.1% to 0.3%) per annum.

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

	2018 HK$'000	2017 HK$'000
USD	**64,294**	120,988
HK$	**3,184**	3,002
Renminbi ("RMB")	**63**	110

22. 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:

	2018 HK$'000	2017 HK$'000
0–30 days	**21,681**	26,045
31–60 days	**10,228**	14,775
Total	**31,909**	40,820

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

23. OTHER PAYABLES AND ACCRUALS

	2018 **HK$'000**	2017 HK$'000
Current:		
Net payables to the Vendor (Note)	**68,140**	75,335
Other payables and accruals	**35,950**	28,843
	104,090	104,178

Note: As detailed in note 14, the amount arose from the acquisition of Parksong represented the net payables to the Vendor based on the financial information of Parksong and its subsidiaries other than the joint operations as at Date of Completion. The amount should be settled in net by cash. Details of dispute with the Vendor on these payables are also disclosed in note 33. GPL and Parksong are wholly-owned subsidiaries of the Company.

24. OTHER BORROWING

Included in other borrowing is an unsecured and interest-bearing loan from Cybernaut Greentech Investment Holding (HK) Limited ("Cybernaut"). On 16 March 2016, the Company as the borrower, Power Investment Holding Limited (the "Lender"), and Mr. Xie Haiyu ("Mr. Xie") (who is shareholder with 8.87% equity interests of the Company as at 31 December 2017) as the guarantor, entered into a loan agreement (the "Loan Agreement") pursuant to which the Lender has agreed and granted a loan in the principal sum of HK$176,400,000 (the "Loan") to the Company for the sole purpose of settling the principal amount payable for the redemption of the convertible bonds of the Company. The Loan was repayable in full on 31 March 2017 (the "Maturity Date of the Loan") with fixed interest of 8% per annum and denominated in HK$ which is the currency other than the functional currency of the Company.

On 29 March 2017, the Lender, with the consent from the Company and Mr. Xie, assigned all its rights and obligations under the Loan Agreement to Cybernaut. Both Cybernaut and the Lender are members of a group of companies under the control of 北京賽伯樂綠科投資管理有限公司 (Beijing Cybernaut Green-tech Investment Management Limited*).

On 29 March 2017, a supplementary loan agreement (the "Supplementary Loan Agreement") was entered into between the Company, Cybernaut and Mr. Xie to amend and restate the terms of the loan agreement primarily to extend the Maturity Date of the Loan. Under the Supplementary Loan Agreement, should the Loan Capitalisation (as defined below) take place on or before 30 June 2017 (or such date as may be agreed by the parties), the remaining outstanding principal amount of the Loan of HK$40,400,000, together with interests accrued (at fixed interest rate of 8% per annum) thereon up to the date of repayment thereof and the interest accrued (at fixed interest rate of 8% per annum) on the principal amount of the loan of HK$136,000,000 up to completion of the Loan Capitalisation, shall be repayable on 31 March 2018.

* English name for identification purpose only.

24. OTHER BORROWING (Continued)

On 29 March 2017, Cybernaut and the Company also entered into a conditional capitalisation agreement (the "Capitalisation Agreement") whereby the Company would issue 1,700,000,000 new ordinary shares of the Company of HK$0.005 each at the price of HK$0.08 per share to Cybernaut (the "Loan Capitalisation") and the consideration for the issue of such shares would be set off against HK$136,000,000 of the outstanding principal amount of the Loan.

Cybernaut, the lender and Beijing Cybernaut Green-tech Investment Management Limited were independent third party prior to the completion of loan capitalisation.

The Loan Capitalisation was approved at an extraordinary general meeting of the Company held on 8 June 2017 and all conditions of the Loan Capitalisation have been fulfilled. The completion of the Loan Capitalisation took place on 15 June 2017 in accordance with the terms of the Capitalisation Agreement. An aggregate of 1,700,000,000 capitalisation shares were allotted and issued to Cybernaut at a price of HK$0.08 per capitalisation share and the consideration for the issue of such capitalisation shares were set off against HK$136,000,000 of the outstanding principal amount of the Loan.

Since the completion of the Loan Capitalisation on 15 June 2017, Cybernaut has become a shareholder of the Company. As at 31 December 2018, Cybernaut holds 24.89% (2017: 24.89%) equity interest and has significant influence in the Company.

As at 31 December 2018, the carrying amount of the other borrowing was HK$56,580,000 (31 December 2017: HK$59,793,000) which included accrued interest payable of HK$22,481,000 (31 December 2017: HK$19,393,000) and will be repayable on 31 March 2019 (31 December 2017: 31 March 2018).

Subsequent to the end of the reporting period on 19 February 2019, the Company, Cybernaut and Mr. Xie entered into another supplementary loan agreement to amend and restate the terms of the Supplementary Loan Agreement ("Loan Extension Agreement"). Under the Loan Extention Agreement, the Company, Cybernaut and Mr. Xie agreed to further extend the maturity date of the remaining outstanding loan principal of HK$34,099,000 for one year to 31 March 2020 with fixed interest rate of 8% per annum.

25. OBLIGATIONS UNDER FINANCE LEASE

	2018 HK$'000	2017 HK$'000
Analysed for reporting purpose as:		
Current liabilities	**14,171**	19,470
Non-current liabilities	**9,423**	22,576
	23,594	42,046

Certain machineries of the mining projects of the joint operation are under finance leases. The average lease term is 4 years (2017: average of 4 years). Interest rates underlying all obligations under finance leases range from 3.4% to 5.4% (2017: range from 3.4% to 5.4%) per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
Amounts payable under finance leases				
Within one year	**14,798**	20,779	**14,171**	19,470
In more than one year but not more than two years	**9,597**	23,282	**9,423**	22,576
	24,395	44,061	**23,594**	42,046
Less: Future finance charges	**(801)**	(2,015)	**N/A**	N/A
Present value of lease obligations	**23,594**	42,046	**23,594**	42,046
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(14,171)**	(19,470)
Amount due for settlement after 12 months			**9,423**	22,576

The Group's obligations under finance leases are secured by the lessor's charge over the leased motor vehicles and plant, machinery and equipment. Details of the aggregate carrying amount of these leased assets at the end of the reporting period are disclosed in note 15.

26. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.005 each		
Authorised:		
At 1 January 2017, 31 December 2017 and 2018	20,000,000,000	100,000
Issued and fully paid:		
At 1 January 2017	5,130,000,000	25,650
Shares issued in relation to the Loan Capitalisation (note 24)	1,700,000,000	8,500
At 31 December 2017 and 2018	6,830,000,000	34,150

The new shares issued during the year ended 31 December 2017 rank pari passu with other shares in issue in all respects. There was no movement in the Company's share capital during the year ended 31 December 2018.

27. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities have been offset. The following is the major deferred tax assets (liabilities) recognised by the Group and movements thereon, during the current and prior years:

	Provisions and accrued charges HK$'000	Tax losses HK$'000	Fair value adjustment on mine properties and developments and exploration and evaluation assets HK$'000	Total HK$'000
At 1 January 2017	10,893	2,384	(56,897)	(43,620)
Charge to profit or loss (note 11)	(715)	(2,548)	(12,628)	(15,891)
Exchange adjustment	979	164	(5,449)	(4,306)
At 31 December 2017	**11,157**	**—**	**(74,974)**	**(63,817)**
Charge to profit or loss (note 11)	**(1,054)**	**—**	**(23,056)**	**(24,110)**
Exchange adjustment	**(1,004)**	**—**	**10,489**	**9,485**
At 31 December 2018	**9,099**	**—**	**(87,541)**	**(78,442)**

27. DEFERRED TAXATION (Continued)

As at 31 December 2018, the Group had estimated unused tax losses of approximately HK$5,818,000 (2017: HK$8,840,000) available for offset against future profits. No deferred tax asset had been recognised in respect of such tax losses of due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$5,799,000 (2017: HK$8,821,000) that will expire in 5 years since such losses were incurred. Other tax losses may be carried forward indefinitely.

28. PROVISION FOR REHABILITATION

	HK$'000
At 1 January 2018	**20,481**
Addition	**235**
Net amount of unwinding of discount and adjustments on provision credit to profit or loss (note 9)	**454**
Exchange adjustment	**(1,996)**
At 31 December 2018	**19,174**

The provision for rehabilitation represents the estimated cost of decommission and rehabilitation of mines and processing sites of the mining projects of the joint operation to be carried out at the end of their producing lives. As at 31 December 2018, the discount rate used in determination the provision for rehabilitation is 2.47% (2017: 2.52%) per annum.

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.

29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
Financial assets at amortised cost	**165,689**	N/A
Loans and receivables (including cash and cash equivalents)	**N/A**	264,589
Held for trading investment	**N/A**	2,820
Equity security at FVTPL	**1,015**	N/A
Trade receivables at FVTPL	**24,670**	N/A
Financial liabilities		
Amortised cost	**165,905**	183,508

N/A: not applicable

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables and deposits, equity security at FVTPL, held for trading investment, bank balances and cash, trade payables, other payables and accruals and other borrowing. Details of these financial instruments are disclosed in respective notes. The risk associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. 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 or the manner in which it manages and measures the risks for both years. Details of the change in exposure to respective risks are disclosed below.

Market risk

Currency risk

Several subsidiaries of the Company have bank balances, trade receivables, other payables and accruals, other receivables and deposits, other borrowing, sales and purchases denominated in foreign currencies which expose the Group 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.

29. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

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

	Assets		Liabilities	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
USD	**88,964**	176,487	**–**	–
RMB	**745**	466	**–**	–
HK$	**4,690**	6,292	**59,588**	63,869

Sensitivity analysis

The following table details the Group's sensitivity to a 10% (2017: 10%) increase and decrease in the functional currency of each group entity against the relevant foreign currencies and other variables were held constant. 10% (2017: 10%) 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 10% (2017: 10%) change in the relevant foreign currencies exchange rates. A positive number below indicates an increase in profit for the year where the relevant foreign currencies strengthen 10% (2017: 10%) against the functional currency of each group entity. For a 10% (2017: 10%) weakening of the relevant foreign currencies against the functional currencies of each group entity there would be an equal and opposite impact on the results for the year.

Increase (decrease) in post-tax profit for the year

	2018 HK$'000	2017 HK$'000
USD impact	**6,228**	12,354
RMB impact	**52**	33
HK$ impact	**(3,843)**	(4,030)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

29. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate other borrowing and obligations under finance lease as at 31 December 2018 and 2017 (see notes 24 and 25 for details).

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances for both years (see note 21 for details). In view that the interest rate movement is insignificant during the year, the directors of the Company considered that the Group's exposure to interest rate risk is minimal. Accordingly, no sensitivity analysis is presented.

Other price risk

The Group is exposed to equity price risk through equity security at FVTPL (2017: held-for-trading investment). The Group's equity security at FVTPL (2017: held-for-trading investment) has significant concentration of price risk in Hong Kong stock market. The management of the Group is responsible to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses on equity security at FVTPL (2017: held-for-trading investment) has 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 both years. If the prices of the respective equity instrument had been 30% (2017: 30%) higher/lower and all other variables were held constant, the Group's post-tax profit for the year would increase/ decrease approximately by HK$305,000 (2017: HK$846,000) as a result of the changes in fair value of equity security at FVTPL (2017: held-for-trading investment).

Credit risk and impairment assessment

As at 31 December 2018, 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 measured at amortised cost as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group 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.

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.

29. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The management of the Group considers refundable deposits that are paid to the Mineral and Resources Department of Tasmania and bank balances that are deposited with state-owned banks or financial institutions with high credit rating to be low credit risk financial assets. The management of the Group considers the probability of default is negligible and no loss allowance was recognised during the year.

Liquidity risk

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. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. The undiscounted amount is derived from interest rate 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
31 December 2018						
Trade payables	–	31,909	–	–	31,909	31,909
Other payables and accruals	–	77,416	–	–	77,416	77,416
Obligations under finance lease	4.4	4,968	9,830	9,597	24,395	23,594
Other borrowing (Note)	8.0	57,253	–	–	57,253	56,580
		171,546	9,830	9,597	190,973	189,499

Note: Subsequent to the end of the reporting period on 19 February 2019, the maturity date of the other borrowing has been further extended for one year to 31 March 2020 with fixed interest rate of 8% per annum.

29. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

	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
31 December 2017						
Trade payables	—	40,820	—	—	40,820	40,820
Other payables and accruals	—	82,895	—	—	82,895	82,895
Obligations under finance lease	4.3	5,311	15,468	23,282	44,061	42,046
Other borrowing	8.0	60,590	—	—	60,590	59,793
		189,616	15,468	23,282	228,366	225,554

29. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of certain financial assets and financial liabilities.

The chief financial officer of the Company is responsible to determine the appropriate valuation techniques and inputs for fair value measurements. There has been no change from the valuation technique used in the prior year. In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available.

Information about the valuation techniques and inputs used in determining the fair value of financial assets at FVTPL are disclosed below.

Fair value of the Group's financial assets that is measured at fair value on a recurring basis

Certain of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of the financial assets is determined (in particular, the valuation technique and inputs used).

Financial assets	Fair value		Fair value hierarchy	Valuation technique and key input(s)
	2018 HK$'000	2017 HK$'000		
Equity security at FVTPL (note 20)	**1,015**	N/A	Level 1	Quoted bid price in an active market
Held-for-trading investment (note 20)	**N/A**	2,820	Level 1	Quoted bid price in an active market
Trade receivables (note 19)	**24,670**	N/A (note)	Level 2	Derived from the quoted forward tin price

Note: Trade receivables were recognised at FVTPL as at 1 January 2018 after the application of HKFRS 9.

There was no transfer between different levels of the fair value hierarchy during both years.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded in the consolidated statement of financial position approximate their fair values.

30. 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 net debt, which includes other borrowing disclosed in note 24, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share 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.

31. OPERATING LEASES

The Group as lessee

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:

	2018 **HK$'000**	2017 HK$'000
Within one year	**1,014**	532
In the second to fifth year inclusive	**320**	—
	1,334	532

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.

32. CAPITAL AND OTHER COMMITMENTS

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

	2018 **HK$'000**	2017 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of property, plant and equipment of JV Projects	**340**	11,074
Lease commitments on mineral tenement	**15,681**	6,884

As at 31 December 2018 and 2017, YTPAH has provided a guarantee and indemnity to a lessor relating to the Group's obligations under finance leases. This guarantee and indemnity is given to a finance lessor jointly and severally with BMT.

33. LITIGATION

HCA1357/2011

The legal proceedings involves disputes arisen from the Parksong S&P Agreement dated 13 July 2010 signed between the Vendor, GPL as the purchaser and the Company being GPL's parent company as the guarantor.

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$92,367,000), representing all receivables of Parksong and its subsidiaries other than the assets of the JV Projects at the Date of Completion (the "Claim"). According to the Parksong S&P Agreement, other than the assets and liabilities relating to the JV Projects, the Vendor is entitled to receive and is obliged to pay cash in respect of the receivables and payables of Parksong and its subsidiaries. As such, at the Date of Completion, the Group recognised a net payable to the Vendor, representing the excess of receivables over payables that the Group is obliged to pay to Vendor in cash, as other payables. The Company and GPL disagreed with the claim amount made by the Vendor in the Claim because the Group's management considered the Vendor has breached certain conditions in the Parksong S&P Agreement and, accordingly, the Company and GPL made a counterclaim of AUD25,853,847 and US$2,059,897 (equivalent to approximately HK$173,793,000 in aggregate) against the Vendor on 11 October 2011 (the "Counterclaim") and as amended on 23 May 2012 and re-amended on 31 August 2016 ("Re-AD&C") with an additional claim on AUD476,393 (equivalent to approximately HK$2,906,000) and further re-amended on 29 June 2018. The Vendor, the Company and GPL had attended mediation in relation to the disputes regarding the Claim and the Counterclaim (the "Mediation") on 16 August 2012. However, no settlement had been reached in the Mediation. Thereafter, the Vendor, the Company and GPL have exchanged their respective witness statements and further documents.

33. LITIGATION (Continued)

HCA1357/2011 (Continued)

Since June 2013, GPL and the Company have made applications to obtain further evidence from the Vendor including discovery of further documents and interrogatories for further information on the issue of AUD16.3 million ("AUD16.3 Million Issue") being a part of the Counterclaim. On 3 June 2015, the Vendor also made application to amend his reply and defence to counterclaim dated 9 December 2011 (and subsequently amended on 10 July 2012 and 5 June 2013 and 14 June 2017 and 30 July 2018) in relation to an advanced sum of AUD16.3 million ("Plaintiff Amendment Application").

After an initial hearing on 19 December 2014 in respect of GPL's and the Company's applications on (1) the joinder of Yunnan Tin Hong Kong (Holding) Group Company Limited ("YTHK") and Yunnan Tin Group (Holding) Company Limited ("Yunnan Tin PRC"), a non-controlling shareholder of YTHK, being a subsidiary of the Company, (2) application for expert evidence on the issues of the counterclaim including AUD16.3 Million Issue, production shortfall as well as receivables and payables ("Expert Evidence Application") and (3) application for the defendants' pleading amendment (collectively as "Defendants' Applications"), further hearings for Defendants' Applications had been scheduled to 28–29 July 2015. The Plaintiff's Amendment Application was first heard on 28–29 July 2015 with the result that the Defendants' Applications had to be further adjourned. On 4 August 2016, a decision was handed down by the Court ("Court's Decision") under which the Plaintiff's Amendment Application was dismissed while the defendants' amendment application was allowed. On 10 April 2017, Yunnan Tin PRC issued an application for joinder of parties and demanded the Vendor to better formulate his claim so that the disputes between all parties could be better dealt with. Further to the directions hearing on 20 April 2017, the hearing of the Joinder Application and the Expert Evidence Application was further adjourned to 19–20 December 2017. At the hearing on 19 December 2017, the Joinder Application was permitted and Yunnan Tin PRC and YTHK were joined as 3rd defendant and 4th defendant. In addition to the Vendor's non-opposition to expert evidence application on production shortfall, the hearing of remaining applications under the Expert Evidence Application were adjourned and pending confirmation from the Vendor on whether he would continue to oppose them. Eventually on or about 16 January 2018, the Vendor indicated non-opposition to the remaining applications. A direction(s) hearing on the Expert Evidence Application has been fixed to be heard on 6 June 2018. On 6 June 2018, the hearing was deferred and has been rescheduled to 10 April 2019.

On 19 March 2018, Yunnan Tin PRC as claimant filed its defence and counterclaim against 4 defendants including Parksong, YTHK, GPL and the Vendor as disclosed in the announcement of the Company dated 21 March 2018. The counterclaim under this defence and counterclaim relates to the same subject matter in another legal proceedings (HCA 3132/2016 as stated below).

GPL has also reviewed the issue on production shortfall. Pursuant to Parksong S&P Agreement, the Vendor has given a production guarantee of 6,500 tonnes of contained tin in concentrate for each of the three anniversaries after the Date of Completion. The actual confirmed production of contained tin in concentrate for the first, second and third anniversaries were 4,979, 6,159 and 6,013 tonnes respectively, resulting in respective shortfalls of 1,521,341 and 487 tonnes ("Production Shortfalls"). GPL's claims on compensation for Production Shortfalls are in sum of AUD3,284,201, AUD650,205 and AUD1,021,181 respectively (equivalent to approximately HK$27,340,000 in aggregate).

33. LITIGATION (Continued)

HCA1357/2011 (Continued)

The legal proceedings are now being considered with these additional evidence and related investigation and development. GPL is now making re-assessment on the Claim and the compensation to be sought under the Counterclaims. The Re-AD&C shall be further revised and updated in due course if and when upon the advice of the legal team of the Company.

Pending the outcome of the Claim and the Counterclaim, as at 31 December 2018 and 2017, the Group accrued for the net payables to the Vendor pursuant to the Parksong S&P Agreement since the Date of Completion. Details of such net payables to the Vendor of AUD12,351,000 equivalent to approximately HK$68,140,000 (2017: AUD12,351,000 equivalent to approximately HK$75,335,000) are disclosed in note 23.

Further, in March 2018, GPL and the Company applied for consolidation of HCA 492 Action (referred to below). The matter was heard on 6 June 2018 and the matter was further adjourned to a directions hearing on 10 April 2019.

In view of the new development and the filing of various pleadings and claims by the parties under the HCA 1357 Action and pending expert's opinion on the Defendants' Expert Application, there shall be re-assessment on the whole case, including the amount on the Payables and the compensation for production shortfall.

HCA 3132/2016

It has come to the attention of the Group that a writ of summons with general endorsements under High Court Action number 3132/2016 ("HCA 3132 Action") was issued by Yunnan Tin PRC against Parksong, YTHK and the Vendor on 30 November 2016. Under HCA 3132 Action, Yunnan Tin PRC has made various claims which relates to the AUD16.3 Million Issue. The writ of summons was eventually served in November 2017. At the hearing on 19 December 2017 under HCA 1357 Action, both the Vendor and Yunnan Tin PRC indicated their understanding that the matters under HCA 3132 Action shall be more conveniently dealt with under HCA 1357 Action and it has been indicated that HCA 3132 Action shall be discontinued in due course.

HCA 492/2017

By an amended writ of summons dated 3 March 2017, the Company, GPL, Parksong and YTHK as 4 plaintiffs have issued the writ with general endorsements under High Court Action number 492 of 2017 ("HCA 492 Action") under which, amongst others, the Company and GPL made various claims against the Vendor as defendant including a declaration that the Vendor shall indemnify the Company and GPL for damages and loss suffered as a consequence of the claims of Yunnan Tin PRC under the HCA 3132 Action and for the sum of AUD16.3 million for breach of the Parksong S&P Agreement. Under HCA 492 Action, Parksong and YTHK have also, without prejudice to any defence or counterclaim they may have against Yunnan Tin PRC, made claims against the Vendor as defendant for breach of fiduciary duty/director's duty while the Vendor was acting as a director of Parksong and YTHK for, amongst others, matters arising from HCA 3132 Action. On 13 March 2018, the Vendor's legal advisor acknowledged service to the amended writ of summons of HCA 492 Action. In March 2018, application for extension for the plaintiffs to file a full statement of claim was made and the matter has been adjourned to be heard for directions at the hearing on 10 April 2019. It is intended that the matters under HCA 492 Action shall be dealt with under HCA 1357 Action.

34. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund ("MPF") Scheme under rules and regulations of MPF Schemes Ordinance for all qualifying 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 2018 and 2017.

The Company's subsidiary 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 subsidiary is 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 YTPAH 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 their 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 2018, the Group's share of total contributions to the retirement benefit schemes is approximately HK$8,413,000 (2017: HK$7,772,000).

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Other Borrowing (Note 24) HK$'000	Obligations under finance lease (Note 25) HK$'000	Dividend payable HK$'000	Total HK$'000
At 1 January 2017	184,055	54,699	—	238,754
Financing cash flows	—	(19,687)	(5,379)	(25,066)
Loan Capitalisation (note 39)	(136,000)	—	—	(136,000)
Unrealised foreign exchange gain	(4,531)	—	—	(4,531)
Foreign exchange translation	4,531	4,632	—	9,163
Dividend declared to non-controlling shareholder of a subsidiary	—	—	5,379	5,379
Interest expenses	11,738	2,402	—	14,140
At 31 December 2017	**59,793**	**42,046**	**—**	**101,839**
Financing cash flows	**(6,300)**	**(16,814)**	**(7,908)**	**(31,022)**
Unrealised foreign exchange gain	**(5,866)**	**—**	**—**	**(5,866)**
Foreign exchange translation	**5,865**	**(3,123)**	**—**	**2,742**
Dividend declared to non-controlling shareholder of a subsidiary	**—**	**—**	**7,908**	**7,908**
Interest expenses	**3,088**	**1,485**	**—**	**4,573**
At 31 December 2018	**56,580**	**23,594**	**—**	**80,174**

36. RELATED PARTY TRANSACTIONS

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

	For the year ended 31 December	
	2018 HK$'000	2017 HK$'000
Sales of tin concentrate to YTATR (notes a & b)	**431,969**	428,938
Interest expense on other borrowing from Cybernaut (note c)	**3,088**	1,762

	As at 31 December	
	2018 HK$'000	2017 HK$'000
Amount due from YTATR included in trade receivables (note d)	**24,670**	55,499
Other borrowing from Cybernaut (note d)	**56,580**	59,793

Notes:

(a) The price of tin/copper concentrates per dry metric ton was agreed between the Group and YTATR after taking into account the factors:

(i) the London Metal Exchange cash settlement average price of tin/copper metal;

(ii) the treatment charge per dry metric ton;

(iii) deduction based on the final tin/copper content; and

(iv) penalty for impurity.

(b) The transactions represent the revenue from sales of copper concentrate or tin concentrate to YTATR, a company which invests in Australia mineral resource projects located in Australia, and is a subsidiary of the non-controlling shareholder who has significant influence on a subsidiary of the Company.

(c) The amount only included interest expense on other borrowing from Cybernaut since Cybernaut became a shareholder of the Company on 15 June 2017.

(d) Details of trade receivables and other borrowing with related parties are set out in notes 19 and 24 respectively.

Compensation of key management personnel

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

	2018 HK$'000	2017 HK$'000
Short-term benefits	**10,471**	10,222
Contributions to retirement benefit scheme	**72**	72
	10,543	10,294

37. SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was approved and adopted by the written resolutions of the shareholders 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.

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 Share Option Scheme expired on 21 October 2018, and there was no share option granted or outstanding before the expiration of the Share Option Scheme. The Company has not adopted any new share option scheme upon the expiration of the Share Option Scheme.

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

	2018 HK$'000	2017 HK$'000
Non-current assets		
Investments in subsidiaries	**170,843**	188,868
Amounts due from subsidiaries	**185,850**	211,085
	356,693	399,953
Current assets		
Other receivables and payables	**745**	2,306
Bank balances	**10,237**	6,600
	10,982	8,906
Current liabilities		
Other payables and accruals	**2,769**	1,355
Other borrowing	**56,580**	59,793
	59,349	61,148
Net current liabilities	**(48,367)**	(52,242)
Net assets	**308,326**	347,711
Capital and reserves		
Share capital (see note 26)	**34,150**	34,150
Reserves	**274,176**	313,561
Total equity	**308,326**	347,711

38. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Movements of share capital and reserves of the Company

	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2017	25,650	822,927	(166,884)	(475,394)	206,299
Loss for the year	—	—	—	(17,534)	(17,534)
Exchange difference arising on translation of presentation currency	—	—	22,946	—	22,946
Total comprehensive income (expense) for the year	—	—	22,946	(17,534)	5,412
Share issued and allotted (note 26)	8,500	127,500	—	—	136,000
	8,500	127,500	22,946	(17,534)	141,412
At 31 December 2017	34,150	950,427	(143,938)	(492,928)	347,711
Loss for the year	**—**	**—**	**—**	**(18,588)**	**(18,588)**
Exchange difference arising on translation of presentation currency	**—**	**—**	**(20,797)**	**—**	**(20,797)**
Total comprehensive expense for the year	**—**	**—**	**(20,797)**	**(18,588)**	**(39,385)**
At 31 December 2018	**34,150**	**950,427**	**(164,735)**	**(511,516)**	**308,326**

39. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2017, part of the outstanding principal amount of the other borrowing of HK$136,000,000 was settled by the shares of the Company issued and allotted in relation to the Loan Capitalisation. Details are set out in note 24.

40. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries as at 31 December 2018 and 2017 are as follows:

Name of the subsidiary	Place of incorporation and establishment/ operation	Issued and fully paid share capital/ registered capital		Proportion of ownership interest held by the Company				Principal activities
				Directly		Indirectly		
		2018	2017	**2018**	2017	**2018**	2017	
Alpha Allied Investments Limited	Hong Kong	**HK$1**	HK$1	**100%**	100%	**–**	–	Investment holding
Ever Success Global Holdings Limited	The British Virgin Islands (the "BVI")/ Hong Kong	**US$100**	US$100	**100%**	100%	**–**	–	Inactive
GPL	The BVI/Hong Kong	**US$100**	US$100	**100%**	100%	**–**	–	Investment holding
Greentech Technology International Development Limited	Hong Kong	**HK$10,000**	N/A	**100% (note b)**	N/A	**–**	N/A	Investment holding
Greentech Technology International Enterprises Limited (formerly known as "L'sea Biological Resources Hong Kong Company Limited")	Hong Kong	**HK$100**	HK$100	**–**	–	**100%**	100%	Investment holding
萬嘉世紀貿易(深圳)有限公司 (note a)	The PRC	**HK$50,000,000**	HK$50,000,000	**–**	–	**100%**	100%	Inactive
Oriental Star International Pty Ltd	Australia	**AUD1**	N/A	**–**	N/A	**100% (note b)**	N/A	Inactive
Parksong	Hong Kong	**HK$10,000**	HK$10,000	**–**	–	**100%**	100%	Investment holding
Rise Champ Corporation Limited	Hong Kong	**HK$1**	HK$1	**–**	–	**100%**	100%	Inactive
Wise Up Investment Limited	Hong Kong	**HK$1,000**	HK$1,000	**–**	–	**100%**	100%	Investment holding
YTHK	Hong Kong	**HK$10,000**	HK$10,000	**–**	–	**82%**	82%	Investment holding
YTPAH	Australia	**AUD1**	AUD1	**–**	–	**82%**	82%	Exploration, development and mining of tin and copper bearing ores in Australia

40. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name of the subsidiary	Place of incorporation and establishment/ operation	Issued and fully paid share capital/ registered capital 2018	2017	Proportion of ownership interest held by the Company Directly 2018	Directly 2017	Indirectly 2018	Indirectly 2017	Principal activities
綠科科技(廣州)有限責任公司 (note a)	The PRC	**RMB10,000,000**	N/A	**–**	N/A	**100%** (note b)	N/A	Inactive
綠科共創科技(北京)有限公司 (note a)	The PRC	**USD10,000,000**	N/A	**–**	N/A	**100%** (note b)	N/A	Inactive
綠科共創科技(深圳)有限公司 (note a)	The PRC	**USD10,000,000**	N/A	**–**	N/A	**100%** (note b)	N/A	Inactive

Notes:

(a) Wholly foreign owned enterprise registered in the PRC.

(b) These companies were set up during the year ended 31 December 2018.

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

The table below shows details of non-wholly owned subsidiaries of the Group that has material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests As at 31 December 2018	2017	Profit for the year allocated to non-controlling interests For the year ended 31 December 2018 HK$'000	2017 HK$'000	Accumulated non-controlling interests As at 31 December 2018 HK$'000	2017 HK$'000
YTHK and its subsidiary (YTPAH)	Hong Kong/ Australia	**18%**	18%	**4,832**	23,232	**4,662**	9,352

YTPAH engages in exploration, development and mining of tin and copper bearing ores in Australia through a joint operation (see note 14 for details).

Summarised financial information for the years ended 31 December 2018 and 2017 in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

40. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

YTHK and its subsidiary (YTPAH)

	As at 31 December	
	2018	2017
	HK$'000	HK$'000
Non-current assets	**552,623**	565,383
Current assets	**243,977**	269,382
Total assets	**796,600**	834,765
Non-current liabilities	**(107,039)**	(106,874)
Current liabilities	**(663,657)**	(675,994)
Total liabilities	**(770,696)**	(782,868)
Net assets	**25,904**	51,897

	For the year ended 31 December	
	2018	2017
	HK$'000	HK$'000
Revenue	**431,969**	428,938
Expenses	**(500,032)**	(354,545)
Reversal of impairment loss recognised on non-current assets	**94,909**	54,674
Profit for the year	**26,846**	129,067
Other comprehensive (expense) income for the year	**(8,906)**	8,488
Total comprehensive income for the year	**17,940**	137,555
Profit for the year attributable to		
— owners of the Company	**22,014**	105,835
— non-controlling interests of YTHK	**4,832**	23,232
Profit for the year	**26,846**	129,067

40. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

YTHK and its subsidiary (YTPAH) (Continued)

	For the year ended 31 December	
	2018	2017
	HK$'000	HK$'000
Other comprehensive (expense) income for the year attributable to		
— owners of the Company	**(7,292)**	6,960
— non-controlling interests of YTHK	**(1,614)**	1,528
Other comprehensive (expense) income for the year	**(8,906)**	8,488
Total comprehensive income for the year attributable to		
— owners of the Company	**14,722**	112,795
— non-controlling interests of YTHK	**3,218**	24,760
Total comprehensive income for the year	**17,940**	137,555
Dividends paid to		
— owners of the Company	**36,025**	24,502
— non-controlling interests of YTHK	**7,908**	5,379
	43,933	29,881
Net cash inflow from operating activities	**99,572**	178,768
Net cash outflow from investing activities	**(88,501)**	(98,558)
Net cash outflow from financing activities	**(60,747)**	(44,957)
Net cash (outflow) inflow	**(49,676)**	35,253

Five-Year Financial Summary

RESULTS

	For the year ended 31 December				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	**2018** **HK$'000**
Revenue	497,281	344,497	377,628	428,938	**431,969**
(Loss)/profit attributable to owners of the Company	(23,465)	(144,343)	84,119	25,402	**39,345**

ASSETS AND LIABILITIES

	As at 31 December				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	**2018** **HK$'000**
Total assets	735,111	520,843	721,878	858,899	**818,628**
Total liabilities	(319,273)	(313,762)	(411,596)	(338,585)	**(313,789)**
Total equity	415,838	207,081	310,282	520,314	**504,839**