綠科科技
Greentech

2018
Interim Report

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)

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)

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, George Town
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

Management Discussion and Analysis

Business Overview

In the first half of 2018, the tin price benefited from the decrease of tin production from Myanmar and the expectation of increasing interest rate in the United States of America. During the review period, tin price reached its highest at USD22,105 per tonne in January 2018, and fell to its lowest at USD19,675 per tonne at the end of June 2018. The average tin price maintained at USD21,077 per tonne in the first half of 2018 (the first half of 2017: USD19,983 per tonne). The forward tin price as at 30 June 2018 remains stable when compared with that as at 31 December 2017.

The total tin metal production at the Renison underground mine (the "Renison") in the first half of 2018 was 3,143 tonnes (the first half of 2017: 3,486 tonnes), representing a decrease of approximately 9.8% when comparing with the same period in last year. The decrease was mainly due to the unexpected lower head grade ore from the high head grade area for mining activities in June 2018.

The unaudited consolidated revenue of Greentech Technology International Limited (the "Company") together with its subsidiaries (collectively as the "Group") for the six months ended 30 June 2018 amounted to approximately Hong Kong Dollars ("HK$") 243,223,000 (30 June 2017: approximately HK$216,394,000), an increase of approximately 12.4% when comparing with the same period in last year. The Group had a gross profit of approximately HK$62,696,000 (30 June 2017: a gross profit of approximately HK$45,092,000), an increase of approximately 39% when comparing with the same period in last year, with gross profit margin at approximately 25.8% (30 June 2017: a gross profit margin at approximately 20.8%). The increase of gross profit was caused by the increase in the transaction price of tin concentrate during the period. The Group's profit for the period amounted to approximately HK$30,547,000 (30 June 2017: approximately HK$17,308,000), an increase of approximately 76.5% when comparing with the same period in last year. The increase of the Group's profit was due to a significant increase in net foreign exchange gain which forms part of other gains and losses and a significant decrease in interest expense on other borrowing during the period.

Regarding the Rentails Project (for details please refer to section headed "Mines Information"), its environmental studies and modelling continued to advance the statutory approvals process. The Group is currently considering various factors including but not limited to the availability of funding and relevant statutory approvals before making any final investment decision in the Rentails Project. At present, no final investment decision in relation to the Rentails Project has been made and the development plan of the Rentails Project may or may not proceed.

Business Overview (Continued)

The Australia Joint Venture, Bluestone Mines Tasmania Joint Venture Pty Limited ("BMTJV") entered into an engineering and construction agreement with Scope Engineering Services Pty Limited in June 2017 for the installation of a new crushing and ore sorting facility at the Renison Tin Mine in Tasmania. The total capital cost for the project was approximately Australian Dollar ("AUD") 14,000,000, of which 50% will be borne by YT Parksong Australia Holding Pty Limited ("YTPAH"). The construction of a new purpose-built three stage crushing, screening and ore sorting plant was completed in June 2018, and it is still under commissioning.

Looking forward to the second half of 2018, ore sorting facility is expected to increase the tin production starting from the fourth quarter of 2018. With commissioning of the ore sorter and the new tails dam, D Dam, already in operation, the major capital expenditure program at Renison is complete. The operation is now setup for the long term future, with increase production capacity and additional flexibility to allow BMTJV to exploit the large resource base at Renison.

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 ("Mr. Chan") purportedly on behalf of YTPAH with 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.

With a view to facilitate possible future cooperation between YTPAH and YTATR and settle all matters in relation to such agreement, discussion between YTPAH and YTATR is still going on.

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.

Litigation

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").

Litigation (Continued)

HCA 1357/2011 (Continued)

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$87,991,000), 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$169,159,000 in total) and damages etc.

Litigation (Continued)

HCA 1357/2011 (Continued)

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$28,794,000 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.

Litigation (Continued)

HCA 1357/2011 (Continued)

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, and 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 and July 2018, Parksong, Yunnan Tin HK, GPL filed their respective defences to Yunnan Tin PRC and/or counterclaim against Mr. Chan. Mr. Chan also filed his Reply and Defence to the Counterclaim of Yunnan Tin PRC. Prospectively, Yunnan Tin PRC is to file 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.

The legal proceedings are now being considered with these additional evidence and related investigation and development. GPL is now making re-assessment on Mr. Chan's Claim and the compensation to be sought under the counterclaims of GPL and the Company, including the amount on the Payables and the compensation for production shortfall.

Litigation (Continued)

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, 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 HCA492 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.

Financial Review

Revenue

The Group's unaudited consolidated revenue for the six months ended 30 June 2018 amounted to approximately HK$243,223,000 (30 June 2017: approximately HK$216,394,000), representing an increase of 12.4% when compared to the same period of last year. The Group's revenue increased due to increase in the transaction price of tin concentrate during the period.

Cost of sales

Cost of sales includes mainly direct material costs, direct labour costs and manufacturing overhead absorbed during the production process of our products. It was approximately HK$180,527,000 for the six months ended 30 June 2018 (30 June 2017: approximately HK$171,302,000), representing approximately 74.2% of the revenue recorded in the corresponding period (last period: approximately 79.2%).

Gross profit

The Group had a gross profit of approximately HK$62,696,000 (30 June 2017: approximately HK$45,092,000) with gross profit margin at 25.8% for the six months ended 30 June 2018 (30 June 2017: 20.8%).

Administrative expenses

Administrative expenses, which represented approximately 7.7% of the Group's revenue, increased by approximately 16.7% from approximately HK$15,952,000 for the six months ended 30 June 2017 to approximately HK$18,611,000 for the six months ended 30 June 2018.

Finance costs

Finance costs representing approximately 1.1% of the Group's revenue in this period, decreased from approximately HK$7,705,000 for the six months ended 30 June 2017 to approximately HK$2,588,000 for the six months ended 30 June 2018. The decrease was mainly due to decrease in interest expenses on other borrowing.

Liquidity and Financial Resources

The Group financed its operations through internally generated cash flows and borrowings. As at 30 June 2018, the Group did not have any bank facilities but had obligation under finance lease of HK$34,918,000 (31 December 2017: HK$42,046,000). The gearing ratio of the Group, calculated as a ratio of total liabilities to total assets, was 36.7% as at 30 June 2018 (31 December 2017: 39.4%).

As at 30 June 2018, the Group had net current assets of approximately HK$58,636,000 (31 December 2017: approximately HK$60,642,000). Current ratio as at 30 June 2018 was 1.3 (31 December 2017: 1.3). The bank and cash balance of the Group as at 30 June 2018 was HK$168,114,000 (31 December 2017: approximately HK$190,441,000).

The Company and certain subsidiaries of the Company have bank balances, trade receivables, other receivables and deposits, others payables and accruals, 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 30 June 2018, our obligation under finance lease of HK$34,918,000 (31 December 2017: HK$42,046,000) was secured by property, plant and equipment of an amount of approximately HK$28,469,000 (31 December 2017: approximately HK$38,617,000).

Contingent Liabilities

As at 30 June 2018, except for the litigation as set out in the litigation section of this report, the Group did not have any significant contingent liabilities.

Capital Commitments

The Group had HK$2,654,000 capital commitment as at 30 June 2018 (31 December 2017: HK$11,074,000).

Significant Investments

For the six months ended 30 June 2018, capital expenditure of the Group for property, plant and equipment amounted to approximately HK$64,761,000 (31 December 2017: HK$103,585,000). As at 30 June 2018, the Group's equity securities listed in Hong Kong amounted to approximately HK$1,805,000 (31 December 2017: HK$2,820,000).

Interim Dividend

The Board has resolved not to declare an interim dividend for the period ended 30 June 2018 (30 June 2017: Nil).

Material Acquisition and Disposal

There was no material acquisition and disposal during the period ended 30 June 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.

There is no share option granted or outstanding during the six months ended 30 June 2018.

Employees and Remuneration Policy

As at 30 June 2018, the Group employed approximately 30 employees (31 December 2017: 27). The Group implemented its remuneration policy, bonus and share option scheme based on achievements and performance of the employees. 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.

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 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. For its own mining operation, BMTJV recruited a total of 103 employees, including 78 for mining (operators and supervision), 24 for mobile fleet maintenance and 1 for the store. Also, BMTJV purchased some new equipment and some suitable equipment from Barminco, amounting to approximately HK$13,721,000, and leased some new equipment amounting to approximately HK$118,561,000. From 1 May 2016, BMTJV started to its own operation of mining activities.

Renison Tin Project (Continued)

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 pulverized to 90% passing 75um. 2g of the pulp sample is then weighed with 12g of reagents including a binding agent, the weighed sample is then pulverized 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 mineralization 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.

Renison Tin Project (Continued)

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 mineralization. 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 >1,700m, a lateral extent of >900m and a depth of over 1,130m.

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 mineralized body.

Estimation and modelling techniques (Continued)

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 utilizing 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 utilizing 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.

Renison Tin Project (Continued)

Classification

Resources are classified in line with JORC guidelines utilizing 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 40m centres in the south of the mine and 20m 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 30 June 2018, 333 core holes with NQ2 for 34,498 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.

As of 30 June 2018, the JORC compliant resources and reserves of Renison underground mine are categorized as follows:

Updated Resource and Reserve Estimates for Renison underground mine as at 30 June 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

Renison Tin Project (Continued)

Estimated Tin and Copper Reserves and Resources (Continued)

During the year under review, an extensive exploration and resources development drilling campaign targeting underground targets was conducted over Renison underground mine. 1,520 meters of capital development and 2,940 meters of operating development were advanced during the period. 6,738 tonnes of tin metal was produced from Renison underground mine and 0 tonne from Mount Bischoff, and processed ores averaged 1.25% Sn. No development or recovery production activities were carried out for Rentails Project.

For the period ended 30 June 2018, a total of approximately HK$64,761,000 capital expenditure was incurred for exploration, development or production activities. The details of the expenditure are shown below:

The details of the expenditure are shown below:

Operating Expenses for the six months ended 30 June 2018

Included	**HK$'000**
Mining costs	60,772
Processing costs	39,787
Royalty	6,468
Transportation	1,017
Depreciation and amortisation expenses	49,254
Others	23,229
Total	180,527

Finance Costs for the six months ended 30 June 2018

	HK$'000
Interests on obligations under finance leases	862

Capital Expenditure for the six months ended 30 June 2018

Addition	**HK$'000**
Property, Plant and Equipment	64,761

Renison Tin Project (Continued)

Estimated Tin and Copper Reserves and Resources (Continued)

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

Total Resource and Reserve Estimates as at 30 June 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 containerizing and export.

Conventional up-hole longhole stoping methods have incorporated with up-hole rising utilizing 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.

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, and recognized an impairment loss of HK$40,162,000 on exploration and evaluation assets of this open-pit mine during the year ended 31 December 2012.

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 30 June 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 the Renison underground mine has been renewed and will expire on 1 August 2031.

Purchase, Sales or Redemption of the Company's Listing Securities

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2018.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the knowledge of the Board, the Board confirm that the Company has maintained a sufficient public float as required under the Listing Rules during the period ended 30 June 2018.

Continued 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 Yunnan Tin Hong Kong (Holding) Group Co. Limited ("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 New 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 2017, 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 the six months ended 30 June 2018 amounted to approximately HK$243,223,000.

Continued Connected Transactions (Continued)

(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 New 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 2017, 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 six months ended 30 June 2018.

Directors' and Chief Executives's Interest and Short Positions in the Shares of the Company

Save as disclosed below, as at 30 June 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 or Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Long position in Shares

Name of Director	Capacity	No. of ordinary shares held (long position)	% of issued share capital
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 30 June 2018, the following persons/entities has interest and/or short position in the shares or underlying shares of the Company:

Long position in Shares

Name of substantial Shareholder	Capacity	No. ordinary shares held (long position)	% of issued share capital
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%

Name of substantial Shareholder	Capacity	No. ordinary shares held (long position)	% of issued share capital
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.

Notes: (Continued)

(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 賽伯樂綠科員(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 賽伯樂綠科員(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.

Review of Interim Report

The audit committee of the Company (the "Audit Committee") has reviewed the Group's interim results for the six months ended 30 June 2018. The Audit Committee comprises all of the three independent non-executive directors ("INEDs"), namely Mr. Chi Chi Hung, Kenneth (Chairman), Mr. Zeng Jin and Mr. Tan Kuang Hwee.

Corporate Governance Code

In the opinion of the Directors, save and except the deviation disclosed herein below, the Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to Listing Rules during the six months ended 30 June 2018.

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

Pursuant to Code Provision A.6.7 of the Code, INEDs 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 pre-arranged commitments which had to be attended by Mr. Li Dong, Mr. Nie Dong, Mr. Cheung Wai Kuen, Mr. Wang Chuanhu, Ms. Xie Yue and Mr. James Munn did not attend the extra-ordinary general meetings held on 19 January 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 CG Code

Following the resignation of Mr. Deng Shichuan as an INED and a member of each of the Audit Committee, the nomination committee of the Company (the "Nomination Committee") and the remuneration committee of the Company (the "Remuneration Committee") 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 Audit Committee 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 Audit Committee, the Nomination Committee and the Remuneration Committee on 19 January 2018 (the "Removal"), in addition to the non-compliance with INED requirements and Audit Committee 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 Remuneration Committee comprising a majority of INEDs under Rule 3.25 of the Listing Rules. Further, as the Nomination Committee no longer comprised a majority of INEDs, the Company deviated from the code provision A.5.1 of the CG 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 provision.

Following the appointment of Mr. Zeng Jin as an INED and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 1 March 2018, each of the Remuneration Committee and the Nomination Committee comprises three members including two INEDs which fulfill the requirement of having each of the Remuneration Committee and the Nomination Committee comprising a majority of INEDs under Rule 3.25 of the Listing Rules and code provision A.5.1 of the CG Code respectively. However, the Company was still unable to fulfill the INED requirements and Audit Committee 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 Audit Committee 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 Audit Committee 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 Audit Committee requirements.

Following the appointment of Mr. Tan Kuang Hwee as an INED and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 10 May 2018, the Board 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 Audit Committee comprises three members which fulfill the requirement of having three members on the Audit Committee 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.

Compliance with 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 six months ended 30 June 2018.

By the Order of the Board
Greentech Technology International Limited
LI Dong
Chairman

Hong Kong, 22 August 2018

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF
GREENTECH TECHNOLOGY INTERNATIONAL LIMITED
(Incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Greentech Technology International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 52, which comprise the condensed consolidated statement of financial position as of 30 June 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 August 2018

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

		Six months ended	
	Notes	**30.6.2018 HK$'000 (unaudited)**	30.6.2017 HK$'000 (unaudited)
Revenue	3	**243,223**	216,394
Cost of sales		**(180,527)**	(171,302)
Gross profit		**62,696**	45,092
Interest income		**196**	237
Other gains and losses	5	**17,591**	10,260
Other expenses		**(5,974)**	(3,301)
Administrative expenses		**(18,611)**	(15,952)
Finance costs	6	**(2,588)**	(7,705)
Profit before taxation		**53,310**	28,631
Taxation	7	**(22,763)**	(11,323)
Profit for the period	8	**30,547**	17,308
Other comprehensive (expense) income for the period:			
Item that will not be reclassified to profit or loss:			
Exchange difference arising on translation to presentation currency		**(25,680)**	22,302
Total comprehensive income for the period		**4,867**	39,610
Profit for the period attributable to:			
Owners of the Company		**26,507**	2,370
Non-controlling interests		**4,040**	14,938
		30,547	17,308
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,321**	24,709
Non-controlling interests		**3,546**	14,901
		4,867	39,610
Earnings per share	10		
Basic (HK cent)		**0.39**	0.04

Condensed Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	30.6.2018 HK$'000 (unaudited)	31.12.2017 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*11*	**405,560**	409,513
Exploration and evaluation assets	*11*	**136,162**	142,934
Deposits		**18,769**	14,099
		560,491	566,546
Current assets			
Inventories		**47,214**	34,657
Trade receivables	*12*	**41,850**	55,499
Other receivables, prepayments and deposits		**5,116**	8,936
Equity securities at fair value through profit or loss ("FVTPL")	*13*	**1,805**	—
Held-for-trading investments	*13*	**—**	2,820
Tax recoverable		**236**	—
Bank balances and cash		**168,114**	190,441
		264,335	292,353
Current liabilities			
Trade payables	*14*	**33,460**	40,820
Other payables and accruals		**92,668**	104,178
Other borrowing	*15*	**60,769**	59,793
Obligations under finance lease		**18,802**	19,470
Tax payable		**—**	7,450
		205,699	231,711
Net current assets		**58,636**	60,642
Total assets less current liabilities		**619,127**	627,188

	30.6.2018 HK$'000 (unaudited)	31.12.2017 HK$'000 (audited)
Capital and reserves		
Share capital	34,150	34,150
Reserves	478,133	476,812
Equity attributable to owners of the Company	512,283	510,962
Non-controlling interests	10,178	9,352
Total equity	522,461	520,314
Non-current liabilities		
Obligations under finance lease	16,116	22,576
Deferred tax liabilities	60,794	63,817
Provision for rehabilitation	19,756	20,481
	96,666	106,874
	619,127	627,188

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 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 (audited)	25,650	822,927	(114,868)	7,800	(1,280)	(419,918)	320,311	(10,029)	310,282
Profit for the period	—	—	—	—	—	2,370	2,370	14,938	17,308
Other comprehensive income (expense) for the period	—	—	22,339	—	—	—	22,339	(37)	22,302
Total comprehensive income for the period	—	—	22,339	—	—	2,370	24,709	14,901	39,610
Shares issued and allotted	8,500	127,500	—	—	—	—	136,000	—	136,000
Dividends paid to non-controlling interest	—	—	—	—	—	—	—	(2,638)	(2,638)
	8,500	127,500	—	—	—	—	136,000	(2,638)	133,362
At 30 June 2017 (unaudited)	34,150	950,427	(92,529)	7,800	(1,280)	(417,548)	481,020	2,234	483,254
At 1 January 2018 (audited)	**34,150**	**950,427**	**(85,619)**	**7,800**	**(1,280)**	**(394,516)**	**510,962**	**9,352**	**520,314**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**26,507**	**26,507**	**4,040**	**30,547**
Other comprehensive expense for the period	**—**	**—**	**(25,186)**	**—**	**—**	**—**	**(25,186)**	**(494)**	**(25,680)**
Total comprehensive (expense) income for the period	**—**	**—**	**(25,186)**	**—**	**—**	**26,507**	**1,321**	**3,546**	**4,867**
Dividends paid to non-controlling interest	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(2,720)**	**(2,720)**
At 30 June 2018 (unaudited)	**34,150**	**950,427**	**(110,805)**	**7,800**	**(1,280)**	**(368,009)**	**512,283**	**10,178**	**522,461**

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).

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash from operating activities	**57,971**	94,565
Interest received	**196**	237
Purchase of property, plant and equipment	**(64,761)**	(33,492)
Exploration and evaluation expenditure incurred	—	(4,293)
Net cash used in investing activities	**(64,565)**	(37,548)
Interest paid	**(862)**	(1,153)
Repayment of obligations under finance leases	**(5,342)**	(8,280)
Dividends paid to non-controlling interest	**(2,720)**	(2,638)
Repayment of other borrowings	**(750)**	—
Net cash used in financing activities	**(9,674)**	(12,071)
Net (decrease) increase in cash and cash equivalents	**(16,268)**	44,946
Effect of foreign exchange rate changes	**(6,059)**	11,600
Cash and cash equivalents at 1 January	**190,441**	160,499
Cash and cash equivalents at 30 June		
Bank balances and cash	**168,114**	217,045

1. General and Basis of Preparation

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 interim report.

The Company acts as an investment holding company and provides corporate management services. The major subsidiary of the Company engages in exploration, development and mining of tin and copper bearing ores in Australia through a joint operation.

The condensed consolidated financial statements of the Group for the six months ended 30 June 2018 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The functional currency of the Company is Australian Dollar ("AUD"). The condensed consolidated financial statements are presented in Hong Kong Dollars ("HK$") as the directors of the Company consider that HK$ is the appropriate presentation currency since the shares of the Company are listed on the Stock Exchange.

2. Principal Accounting Policies

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") as disclosed below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

2. Principal Accounting Policies (Continued)

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

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

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies and/or disclosures as described below.

2.1 Impacts and changes in accounting policies of application on HKFRS 15 "*Revenue from Contracts with Customers*"

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

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

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

2. Principal Accounting Policies (Continued)

Application of new and amendments to HKFRSs (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers* (Continued)

- 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.

2. Principal Accounting Policies (Continued)

Application of new and amendments to HKFRSs (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers* (Continued)

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 stand-alone 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.

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.

2. Principal Accounting Policies (Continued)

Application of new and amendments to HKFRSs (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers* (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.

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.

2.2 Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments*

In the current period, 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) 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. Any 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 and other components of equity, without restating comparative information.

2. Principal Accounting Policies (Continued)

Application of new and amendments to HKFRSs (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

Classification and measurement of financial assets

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.

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.

2. Principal Accounting Policies (Continued)

Application of new and amendments to HKFRSs (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

Classification and measurement of financial assets (Continued)

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 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 investments 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 receivable 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. No other changes in classification and measurement on the Group's financial assets.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including other receivables and bank balances and cash). 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, 12-month ECL ("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.

2. Principal Accounting Policies (Continued)

Application of new and amendments to HKFRSs (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

Impairment under ECL model (Continued)

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.

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.

2. Principal Accounting Policies (Continued)

Application of new and amendments to HKFRSs (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

Significant increase in credit risk (Continued)

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.

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 balances deposit at banks with high credit rating and other receivables and concluded that no loss allowance to be recognised as at 1 January 2018.

The adoption of other amendments to HKFRSs had no material effect on the results and financial position of the Group and/or disclosures set out in these unaudited condensed consolidated financial statements for the current and/or prior accounting periods.

3. Revenue

Revenue from mining operation represents the net amounts received and receivable for goods sold recognised at point in time in the normal course of business, net of discounts and sales related taxes.

4. Segment Information

The executive directors of the Company have been identified as chief operating decision makers. The executive directors of the Company consider exploration, development and mining of tin and copper bearing ores in Australia ("Mining Operations") 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 resources allocation and performance assessment purpose.

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

Revenue from major products

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

	Six months ended	
	30.6.2018 HK$'000 (unaudited)	30.6.2017 HK$'000 (unaudited)
Sales of tin concentrate	**243,223**	216,394

5. Other Gains and Losses

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Loss on disposal of property, plant and equipment	**—**	(2)
Fair value change of held-for-trading investments	**—**	(649)
Fair value change of equity securities at FVTPL	**(1,015)**	—
Net foreign exchange gain	**18,606**	10,911
	17,591	10,260

6. Finance Costs

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interests on obligations under finance leases	**862**	1,153
Interest on other borrowing	**1,726**	6,552
	2,588	7,705

7. Taxation

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current tax charge		
— Australian Company Tax	**22,763**	9,220
Deferred tax charge	**—**	2,103
Taxation for the period	**22,763**	11,323

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

8. Profit for the Period

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Cost of inventories recognised as an expense	**180,527**	171,302
Depreciation of property, plant and equipment	**49,254**	36,534
Operating lease rentals in respect of rented premises	**1,327**	1,413
Staff costs (including directors' emoluments)	**63,570**	60,422

9. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

10. Earnings Per Share

The calculation of the basic earnings per share attributable to the owners of the Company for each of the six months ended 30 June 2018 and 2017 is based on the following data:

	Six months ended	
	30.6.2018 **HK$'000** **(unaudited)**	30.6.2017 HK$'000 (unaudited)
Profit for the purposes of basic earnings per share	**26,507**	2,370
	'000	'000
Number of ordinary shares for the purpose of basic earnings per share	**6,830,000**	5,280,276

For both of the six months ended 30 June 2018 and 2017, the Company had no potential ordinary shares in issue and therefore no diluted earnings per share was presented.

11. Property, Plant and Equipment and Exploration and Evaluation Assets

During the six months ended 30 June 2018, there is no indicator of impairment or reversal of impairment for mining-related property, plant and equipment (which mainly include the mine properties and development, buildings, construction in progress and machineries for the mine operation) and exploration and evaluation assets.

Property, plant and equipment

During the six months ended 30 June 2018, the Group had additions to the property, plant and equipment amounted to approximately HK$64,761,000 (six months ended 30 June 2017: HK$33,492,000).

Exploration and evaluation assets

During the six months ended 30 June 2018, the Group had no addition to exploration and evaluation assets (six months ended 30 June 2017: additions amounted to approximately HK$4,293,000).

12. Trade Receivables

	30.6.2018 HK$'000 (unaudited)	31.12.2017 HK$'000 (audited)
Trade receivables	41,850	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 the 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. It normally takes around 1 to 2 months after the delivery of goods for the issue of final invoice. At the end of the reporting period the entire amount of the Group's trade receivables is due from a related party, Yunnan Tin Australia TDK Resources Pty Limited ("YTATR"), being a subsidiary of the non-controlling shareholder of a subsidiary of the Company.

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

	30.6.2018 HK$'000 (unaudited)	31.12.2017 HK$'000 (audited)
0–30 days	41,850	55,499

13. Equity securities at FVTPL/Held-For-Trading Investments

	30.6.2018 HK$'000 (unaudited)	31.12.2017 HK$'000 (audited)
Equity securities listed in Hong Kong	**1,805**	2,820

Fair values of equity securities at FVTPL/held-for-trading investments are based on quoted market bid price at the end of the reporting period.

During the six months ended 30 June 2018, a loss of HK$1,015,000 (2017: a loss of HK$649,000) in respect of the changes in fair value of equity securities at FVTPL/held-for-trading investments was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

14. Trade Payables

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

	30.6.2018 HK$'000 (unaudited)	31.12.2017 HK$'000 (audited)
0–30 days	**6,981**	26,045
31–60 days	**26,479**	14,775
Total	**33,460**	40,820

15. Other Borrowing

The other borrowing is an unsecured loan from Cybernaut Greentech Investment Holding (HK) Limited (the "Lender"), a shareholder with 24.89% (31 December 2017: 24.89%) equity interest in the Company, which is guaranteed by Mr. Xie Haiyu (the "Guarantor"), a shareholder with 8.87% (31 December 2017: 8.87%) equity interest in the Company, and it is interest-bearing at a fixed rate of 8% per annum. As at 31 December 2017, the other borrowing was with a maturity date on 31 March 2018 (the "Maturity Date"). On 21 March 2018, the Company, the Lender and the Guarantor entered into another supplementary loan agreement to amend and restate the terms of the supplementary loan agreement entered by them previously on 29 March 2017, pursuant to which the parties agreed to further extend the Maturity Date for one year to 31 March 2019 with fixed interest rate of 8% per annum.

As at 30 June 2018, the carrying amount of the other borrowing represents the outstanding principal amount of HK$39,650,000 (31 December 2017: HK$40,400,000), together with the accrued interest payable of HK$21,119,000 (31 December 2017: HK$19,393,000).

16. Capital Commitments

At the end of the reporting period, the Group's share of capital commitments of the 50% interest in certain mining projects ("JV Projects") located in Tasmania, Australia is as follows:

	30.6.2018 HK$'000 (unaudited)	31.12.2017 HK$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of property, plant and equipment of JV Projects	**2,654**	11,074
Lease commitments on mineral tenement	**6,356**	6,884

As at 30 June 2018 and 31 December 2017, YT Parksong Australia Holding Pty Limited, a non-wholly owned subsidiary of the Company, has provided a guarantee and indemnity to a finance lessor relating to the Group's obligations of finance leases. This guarantee and indemnity are given to such finance lessor jointly and severally with the joint venturer, Bluestone Mines Tasmania Pty Limited.

17. Related Party Transactions

During the six months ended 30 June 2018 and 2017, the Group had entered into the following significant transactions with a related party:

	30.6.2018 HK$'000 (unaudited)	30.6.2017 HK$'000 (unaudited)
Sales of tin concentrate to YTATR *(note)*	**243,223**	216,394

Note: The transactions represent the revenue from sales of copper concentrate and/or tin concentrate to YTATR, which invests in Australia mineral resource project located in Australia, and is a subsidiary of non-controlling shareholder of a subsidiary of the Company. These transactions are classified as continuing connected transactions (as defined in the Listing Rules).

Compensation of key management personnel

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

	30.6.2018 HK$'000 (unaudited)	30.6.2017 HK$'000 (unaudited)
Short-term benefits	**4,978**	4,919
Contributions to retirement benefit scheme	**36**	36
	5,014	4,955

18. Fair Value Measurement of Financial Instruments

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

Certain of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value as at		Fair value hierarchy	Valuation technique and key input(s)
	30.6.2018 HK$'000 (unaudited)	31.12.2017 HK$'000 (audited)		
Investment in listed equity securities	**1,805**	2,820	Level 1	Quoted bid prices in an active market
Trade receivables	**41,850**	*N/A *(note)*	Level 2	Derived from the quoted forward tin price

* Not applicable

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

19. Approval of the Condensed Consolidated Financial Statements

These unaudited condensed consolidated financial statements were approved and authorised for issue by the Board on 22 August 2018.