綠科科技

Greentech

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00195)

INTERIM REPORT

2019

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Corporate Information

Board of Directors

Executive Directors

Mr. LI Dong *(Chairman)*
Mr. NIE Dong *(Chief Executive Officer)*
Mr. CHEUNG Wai Kuen
(retired on 31 May 2019)
Mr. WANG Chuanhu
Ms. XIE Yue

Non-executive Director

Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P
(Mr. HSU Jing-Sheng as his alternate)
(appointed on 8 May 2019)

Independent Non-executive Directors

Mr. CHI Chi Hung, Kenneth
Mr. ZENG Jin
Mr. CHOW Wing Chau

Company Secretary

Mr. LAM Hang Boris

Authorised Representatives

Mr. NIE Dong
Mr. LAM Hang Boris

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Industrial and Commercial Bank of China
(Asia) 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 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Stock Code

00195

Company Website

www.green-technology.com.hk

Management Discussion and Analysis

Market Review

In the first half of 2019, the global economic slowdown put the tin market under considerable pressure. As the China-U.S. trade dispute suppressed market demand for Chinese electronic products, the demand for tin metal reduced as well. Fortunately, as tin metal can be applied in wireless mobile and cloud infrastructure network, which are necessary for production of 5G products, it is believed that the development of new energy vehicle and 5G electronic products will bring new growth drivers for the demand of tin metal.

As regards supply, tin supply in Myanmar continued to decline, whilst the operational suspension of the Yinman Mine in Inner Mongolia also reduced supplies in the raw materials market. In China, according to the data from the Beijing branch of International Tin Association, China's production of refined tin in the first half of 2019 decreased by approximately 10% to approximately 75,000 tonnes.

According to the London Metal Exchange, tin price rallied before dropping eventually during the period. Tin price peaked at USD21,925 per tonne in February 2019, but plummeted to its lowest point at USD18,805 in June 2019 after the continued drop from March to June. For the six months ended 30 June 2019, the average tin price was USD20,431 (first half of 2018: USD21,077 per tonne), a 3% decrease year-on-year.

Business Review

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

In the first half of 2019, total production volume of tin metal of the Renison underground mine was 3,710 tonnes (first half of 2018: 3,143 tonnes), a year-on-year increase of approximately 18.0%. YT Parksong Australia Holding Pty Limited, an indirect non-wholly owned subsidiary of the Group, holds 50% interest in the Renison underground mine, was entitled to 1,855 tonnes of tin metal (first half of 2018: 1,572 tonnes) available for sale.

For the six months ended 30 June 2019, revenue of the Group witnessed a year-on-year 4.0% increase to HK$252,848,000. Gross Profit for the period was HK$32,058,000 (gross profit margin: 12.7%), compared to interim gross profit HK$62,696,000 (gross profit margin: 25.8%) in the first half of 2018; the decrease was mainly due to a slightly decrease in tin price, and an increase in depreciation expense during the period under review. For the six months ended 30 June 2019, the profit attributable to the Company's shareholders was HK$29,160,000 (30 June 2018: profit of 26,507,000).

Business Review (Continued)

According to the Group's recent estimates of mineral resources, the contained tin within the Renison underground mine increased from 215,665 tonnes to 263,192 tonnes, up significantly by 22% year-on-year. Currently, the measured, indicated and inferred mineral resources within the Renison underground mine was approximately 17,582,000 tonnes, with the grade of ore reaching 1.50%. The increase in contained tin within the Renison underground mine made greater room for the Group to raise production volume.

Prospect

Looking forward to the second half of 2019, the Group will continue to conduct drilling campaign on ore grade control and resources defining in Area 5 and Leatherwood Trend within the Renison underground mine, in order to assist the Group in excavating high-grade of ore from the area. In addition, the Group will continue to develop other areas within the Renison underground mine, including Bell 50 area located at the bottom of Area 5. Trial on excavation drilling will take place in the area later on. The Group will actively conduct excavation work to fully realize the resource potential of the mine and produce a better estimate of reserves of high-grade ore within the mine.

Currently, with more high-grade ore being excavated from the Renison underground mine, and the three-stage crushing, screening and ore sorting plant in operation, the Group expects tin metal production of the Renison underground mine to grow steadily. The Group will continue to fine-tune operation of the ore sorting plant, in order to increase tin metal production by raising the productivity of the plant, with a view to generating greater returns.

The Group entered into an agreement with Yunnan Tin Australia TDK Resources Pty Ltd., a wholly-owned subsidiary of Yunnan Tin Group Company Limited ("Yunnan Tin PRC") on the renewal of tin supply contract, pursuant to which the Group will provide tin to Yunnan Tin PRC until January 2022. Such arrangement will generate stable income for the Group, thus providing sufficient financial resources to develop new businesses.

Despite a growing concern over the outlook of tin metal market owing to the pressure on tin metal production and the reduction in tin reserves of the London Metal Exchange, as the International Tin Association pointed out, the fundamentals of tin metal market would remain intact, without any signs of immense negative impact. Furthermore, as the sector believes the shortage in tin concentrates triggered by the resource depletion in Myanmar will effectively prevent tin price from prolonged decline, the Group remains optimistic about the prospects of the tin metal market.

Prospect (Continued)

In addition, the Group intends to expand its business to overseas emerging markets as a means to further increase profitability and diversify its business. In particular, the Group is optimistic about the economic development potential of Vietnam. The country has attracted massive foreign investment, driving up the economic development in recent years. Vietnam achieves relatively high GDP growth rates every year which presents an enormous development potential. In view of that, the Group has established a subsidiary in the country, in hopes of actively seizing development opportunities.

Looking forward, the Group is optimistic about the long-term development of the tin mining industry, and strives to enhance core values and competitiveness through increasing resource investment and expanding business operations. The Group will improve operational efficiency by refining mine management and enhancing production efficiency, thus delivering better returns to the shareholders.

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").

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 (equivalent to approximately HK$83,074,000), being the alleged amount of the "Receivables" which Mr. Chan alleged is entitled under the Parksong S&P Agreement ("Mr. Chan's Claim").

Litigation (Continued)

HCA 1357/2011 (Continued)

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 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 ("Called Sum Issue"); (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 ("Production Shortfall Issue"). 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$160,535,000 in total) and damages etc.

Save and except that Mr. Chan has admitted in his Reply and Defence to Counterclaim dated 9 December 2011 and subsequently amended on 10 July 2012 (as "R&DC2") and 5 June 2013 (as "R&DC3") and 14 June 2017 (as "R&DC4") and 30 July 2018 (as "R&DC5") that, amongst others, (1) the third set of documents as pleaded in the D&C4 reflected the correct position and understanding of Mr. Chan, GPL and the Company in making the Parksong S&P Agreement, and (2) that the Payables due under the Parksong S&P Agreement was at the sum of AUD3,244,520, Mr. Chan has denied the claims made by GPL and the Company in the D&C4.

Litigation (Continued)

HCA 1357/2011 (Continued)

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 Production Shortfall Issue, compensation is based on Mr. Chan's production guarantee of 6,500 tonnes of contained tin in concentrate for each of the three anniversaries from the Completion Date under the Parksong S&P Agreement. The actual figures of tin production were confirmed to be approximately 4,979 tonnes, 6,159 tonnes and 6,013 tonnes respectively by Parksong's advisor, resulting in respective shortfalls of 1,521 tonnes, 341 tonnes and 487 tonnes. GPL's claims on compensation for production shortfalls are in sum of approximately AUD3,284,000, AUD650,000 and AUD1,021,000 respectively (approximately of HK$27,185,000 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, a directions hearing on the matter has been fixed on 6 June 2018. On 6 June 2018, the hearing was deferred and has been rescheduled to 10 April 2019.

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

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

On 10 April 2019, orders were given by the Court that: (1) Expert evidence on AUD16.3 Million Issue, Called Sum Issue and Production Shortfall Issue be prepared. A further directions hearing on expert evidence shall be fixed after the parties have completed their respective expert evidence. (2) HCA 3132 Action and HCA 492 Action be stayed pending the determination of all the disputes in HCA 1357 Action.

Litigation (Continued)

HCA 1357/2011 (Continued)

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

HCA 3132/2016

A writ of summons with general endorsements under High Court Action number 3132/2016 ("HCA 3132 Action") was issued by Yunnan Tin PRC against Parksong, Yunnan Tin HK and Mr. Chan on 30 November 2016. Under HCA 3132 Action, Yunnan Tin PRC has made various claims which relates to the AUD 16.3 Million Issue. The writ of summons was eventually served in November 2017. At the hearing on 19 December 2017 under HCA 1357 Action, both Mr. Chan and Yunnan Tin PRC indicated their understanding that the matters under HCA 3132 Action shall be more conveniently dealt with under HCA 1357 Action and it indicated that HCA 3132 Action should be discontinued in due course. On 10 April 2019, order was given by the Court that HCA 3132 Action be stayed pending the determination of all the disputes in HCA 1357 Action.

HCA 492/2017

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

Financial Review

Revenue

The Group's unaudited consolidated revenue for the six months ended 30 June 2019 amounted to approximately HK$252,848,000 (30 June 2018: approximately HK$243,223,000), an increase of 4% when compared to the same period of last year. The Group's revenue increased due to an increase in production volume but partly offset by a slightly decrease in tin price 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$220,790,000 for the six months ended 30 June 2019 (30 June 2018: approximately HK$180,527,000), representing approximately 87.3% of the revenue recorded in the corresponding period (last period: approximately 74.2%), the increase was mainly due to an increase in production volume and deprecation expenses.

Gross Profit

The Group had a gross profit of approximately HK$32,058,000 (30 June 2018: approximately HK$62,696,000) with gross profit margin at 12.7% for the six months ended 30 June 2019 (30 June 2018: 25.8%), the decrease was mainly due to a slightly decrease in tin price and an increase in depreciation expenses.

Administrative Expenses

Administrative expenses, which represented approximately 7.8% of the Group's revenue, increased by approximately 6.2% from approximately HK$18,611,000 for the six months ended 30 June 2018 to approximately HK$$19,770,000 for the six months ended 30 June 2019, mainly due to increase in administrate staff costs.

Finance Costs

Finance costs representing approximately 0.7% of the Group's revenue in this period, decreased from approximately HK$2,588,000 for the six months ended 30 June 2018 to approximately HK$1,826,000 for the six months ended 30 June 2019, the decrease was mainly due to decrease in interest on other borrowing and lease liabilities/obligations under finance lease.

Liquidity and Financial Resources

The Group financed its operations through internally generated cash flows and borrowings. As at 30 June 2019, the Group did not have any bank facilities but had lease liabilities of HK$18,032,000 (31 December 2018: obligations under finance lease of HK$23,594,000). The gearing ratio of the Group, calculated as a ratio of total liabilities to total assets, was 36.4% as at 30 June 2019 (31 December 2018: 38.3%).

Liquidity and Financial Resources (Continued)

As at 30 June 2019, the Group had net current assets of approximately HK$95,681,000 (31 December 2018: approximately HK$58,175,000). Current ratio as at 30 June 2019 was 1.5 (31 December 2018: 1.3). The bank and cash balance of the Group as at 30 June 2019 was HK$162,142,000 (31 December 2018: approximately HK$142,137,000).

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 2019, part of our lease liabilities of HK$15,216,000 (31 December 2018: obligations under finance lease of HK$23,594,000) was secured by property, plant and equipment of an amount of approximately HK$21,466,000 (31 December 2018: approximately HK$28,900,000) and the remaining part of the lease liabilities of HK$2,816,000 (31 December 2018: nil) was secured by the rental deposit of an amount of approximately HK$580,000 (31 December 2018: nil).

Contingent Liabilities

As at 30 June 2019, except for the litigation as set out in the litigation section of this report, the Group did not have any significant contingent liabilities.

Capital and Other Commitments

The Group had HK$17,834,000 capital and other commitments as at 30 June 2019 (31 December 2018: HK$16,021,000).

Significant Investments

For the six months ended 30 June 2019, capital expenditure of the Group for property, plant and equipment and exploration and evaluation assets amounted to approximately HK$$24,609,000 (31 December 2018: HK$75,748,000). As at 30 June 2019, the Group's equity securities listed in Hong Kong amounted to approximately HK$282,000 (31 December 2018: HK$1,015,000).

Interim Dividend

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

Material Acquisition and Disposal

There was no material acquisition and disposal during the period ended 30 June 2019.

Share Option Scheme

On 21 October 2008, the Company adopted a share option scheme (the "Scheme") for the purpose of providing incentives to eligible participants who contribute to the success of the Group.

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

Employees and Remuneration Policy

As at 30 June 2019, the Group employed approximately 31 employees (31 December 2018: 31). The Group implemented its remuneration and bonus policy and share option scheme (if any) 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.

MINES INFORMATION

Renison Tin Project

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

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

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

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

Drilling Data

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

Renison Tin Project (Continued)

Drilling Data (Continued)

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 80% 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 1150m.

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.

Renison Tin Project (Continued)

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 Renison 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 six months ended 30 June 2019, 423 core holes with NQ2 for 54,733 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 2019, 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 2019

	TIN			**COPPER**		
CATEGORY	**Tonnage** (kt)	**Grade** (%Sn)	**Sn Metal** (t)	**Tonnage** (kt)	**Grade** (%Cu)	**Cu Metal** (t)
Resources						
Measured	1,585	1.59	25,250	1,585	0.35	5,534
Indicated	13,523	1.51	203,730	13,523	0.19	25,046
Inferred	2,474	1.38	34,212	2,474	0.17	4,281
Total	17,582	1.50	263,192	17,582	0.20	34,861
Reserves						
Proven	1,260	1.28	16,138	1,260	0.32	3,989
Probable	6,838	0.97	66,222	6,838	0.20	13,388
Total	8,098	1.02	82,360	8,098	0.21	17,377

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. 1934 meters of capital development and 2811 meters of operating development were advanced during the period. 7,125 tonnes of tin metal was produced from Renison underground mine and 0 tonne from Mount Bischoff, and processed ores averaged 1.32% Sn. No development or recovery production activities were carried out for Rentails Project.

For the six months ended 30 June 2019, a total of approximately HK$24,609,000 capital expenditure was incurred for exploration, development or production activities. The details of the expenditure are shown below:

Operating Expenses for the six months ended 30 June 2019

Included	**HK$'000**
Mining costs	55,863
Processing costs	42,701
Royalty	4,957
Transportation	1,035
Depreciation	67,555
Others	48,679
Total	220,790

Finance costs for the six months ended 30 June 2019

	HK$'000
Interests on leases liabilities	476

Capital Expenditure for the year ended 30 June 2019

Addition	**HK$'000**
Property, Plant and Equipment and Exploration and Evaluation Assets	24,609

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 2019

	TIN			COPPER		
CATEGORY	**Tonnage** (kt)	**Grade** (%Sn)	**Sn Metal** (t)	**Tonnage** (kt)	**Grade** (%Cu)	**Cu Metal** (t)
Resources						
Renison underground mine	17,582	1.50	263,192	17,582	0.20	34,861
Mount Bischoff	1,667	0.54	8,981	—	—	—
Rentails	23,886	0.44	104,370	23,886	0.22	52,714
Total	43,135	0.87	376,543	41,468	0.21	87,575
Reserves						
Renison underground mine	8,098	1.02	82,360	8,098	0.21	17,377
Mount Bischoff	—	—	—	—	—	—
Rentails	22,313	0.44	98,930	22,313	0.23	50,668
Total	30,411	0.60	181,290	30,411	0.22	68,045

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.

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

Resource definition activities have been conducted in the Area 5 and Leatherwood Trend throughout 2018. The Mineral Resource estimate for Renison Tin Project was updated at 31 March 2019, an increase of 22% in contained tin in mineral resources at the Renison underground tin mine, increasing from 215,665 tonnes of contained tin to 263,192 tonnes of contained tin.

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 recognised 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 2019, 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 expired on 1 August 2031.

Other Information

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 2019.

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 2019.

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 Tin Supply Contract are approximately HK$484 million from 1 February 2016 to 31 December 2016, HK$655 million for the year ended 31 December 2017, HK$814 million for the year ended 31 December 2018 and HK$84 million from 1 January 2019 to 31 January 2019. 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.

Continued Connected Transactions (Continued)

(a) Tin concentrates supply (Continued)

On 31 January 2019, YTPAH entered into the new copper supply contract with YTATR, pursuant to which YTPAH agreed to supply copper concentrates (the "New Tin Supply Contract") to YTATR for the period from 1 February 2019 to 31 January 2022.

The annual caps for the transactions contemplated under the New Supply Contract are approximately HK$480 million from 1 February 2019 to 31 December 2019, HK$633 million for the year ending 31 December 2020, HK$765 million for the year ending 31 December 2021 and HK$77 million from 1 January 2022 to 31 January 2022.

The revenue under the Tin Supply Contract and the New Tin Supply Contract for the six months ended 30 June 2019 amounted to approximately HK$252,848,000.

(b) Copper concentrates supply

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

The annual caps for the transactions contemplated under the Copper Supply Contract are approximately HK$10.5 million from 19 February 2016 to 31 December 2016, HK$14.9 million for the year ended 31 December 2017, HK$18.6 million for the year ended 31 December 2018 and 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.

Continued Connected Transactions (Continued)

(b) Copper concentrates supply (Continued)

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 2019.

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

Save as disclosed below, as at 30 June 2019, 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

As at 30 June 2019, the interests and short positions of every person, other than Directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

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%
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 *(Notes 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%

Substantial Shareholders' Interests and Short Positions in the Shares of the Company (Continued)

Long position in Shares (Continued)

Notes:

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

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

(3) Zhu Min controlled 90% of the equity interest in 杭州悠然科技有限公司, which controlled 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 controlled 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 controlled 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 controlled 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 controlled 95% of the equity interest in 賽伯樂綠科員(深圳)投資管理有限公司, which held 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 controlled 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 controlled 50% of the equity interests in Cybernaut. 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 were 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 2019. 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. Chow Wing Chau.

Corporate Governance Code

In the opinion of the Directors, save and except the deviation disclosed herein below, the Company has complied with the Corporate Code (the "Code") as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2019.

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 Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P and Mr. Chow Wing Chau did not attend the annual general meetings held on 31 May 2019.

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 2019.

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

Hong Kong, 20 August 2019

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 54, which comprise the condensed consolidated statement of financial position as of 30 June 2019 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
20 August 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	Notes	Six months ended 30.6.2019 HK$'000 (unaudited)	30.6.2018 HK$'000 (unaudited)
Revenue	3	**252,848**	243,223
Cost of sales		**(220,790)**	(180,527)
Gross profit		**32,058**	62,696
Interest income		**447**	196
Other gains and losses	5	**10,300**	17,591
Other expenses		**(2,407)**	(5,974)
Administrative expenses		**(19,770)**	(18,611)
Finance costs	6	**(1,826)**	(2,588)
Reversal of impairment loss recognised on property, plant and equipment		**28,778**	—
Reversal of impairment loss recognised on exploration and evaluation assets		**14,389**	—
Profit before taxation		**61,969**	53,310
Taxation	7	**(23,320)**	(22,763)
Profit for the period	8	**38,649**	30,547
Other comprehensive expense for the period:			
Item that will not be reclassified to profit or loss:			
Exchange difference arising on translation to presentation currency		**(2,731)**	(25,680)
Total comprehensive income for the period		**35,918**	4,867
Profit for the period attributable to:			
Owners of the Company		**29,160**	26,507
Non-controlling interests		**9,489**	4,040
		38,649	30,547
Total comprehensive income for the period attributable to:			
Owners of the Company		**26,111**	1,321
Non-controlling interests		**9,807**	3,546
		35,918	4,867
Earnings per share	10		
Basic (HK cent)		**0.43**	0.39

Condensed Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	30.6.2019 HK$'000 (unaudited)	31.12.2018 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	11	357,356	373,618
Exploration and evaluation assets	11	178,288	164,974
Deposits		20,292	15,111
Right-of-use assets		2,780	—
		558,716	553,703
Current assets			
Inventories		34,247	45,784
Trade receivables	12	49,462	24,670
Other receivables, prepayments and deposits		13,655	12,046
Equity securities at fair value through profit or loss ("FVTPL")	13	282	1,015
Tax recoverable		31,327	39,273
Bank balances and cash		162,142	142,137
		291,115	264,925
Current liabilities			
Trade payables	14	22,960	31,909
Other payables and accruals		101,604	104,090
Other borrowing	15	57,810	56,580
Obligations under finance lease		—	14,171
Lease liabilities		13,060	—
		195,434	206,750
Net current assets		95,681	58,175
Total assets less current liabilities		654,397	611,878

	30.6.2019 HK$'000 (unaudited)	31.12.2018 HK$'000 (audited)
Capital and reserves		
Share capital	**34,150**	34,150
Reserves	**492,138**	466,027
Equity attributable to owners of the Company	**526,288**	500,177
Non-controlling interests	**14,469**	4,662
Total equity	**540,757**	504,839
Non-current liabilities		
Lease liabilities	**4,972**	—
Obligations under finance lease	**—**	9,423
Deferred tax liabilities	**89,190**	78,442
Provision for rehabilitation	**19,478**	19,174
	113,640	107,039
	654,397	611,878

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	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 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
At 1 January 2019 (audited)	**34,150**	**950,427**	**(135,749)**	**7,800**	**(1,280)**	**(355,171)**	**500,177**	**4,662**	**504,839**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**29,160**	**29,160**	**9,489**	**38,649**
Other comprehensive (expense) income for the period	**—**	**—**	**(3,049)**	**—**	**—**	**—**	**(3,049)**	**318**	**(2,731)**
Total comprehensive (expense) income for the period	**—**	**—**	**(3,049)**	**—**	**—**	**29,160**	**26,111**	**9,807**	**35,918**
At 30 June 2019 (unaudited)	**34,150**	**950,427**	**(138,798)**	**7,800**	**(1,280)**	**(326,011)**	**526,288**	**14,469**	**540,757**

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 2019

	Six months ended	
	30.6.2019	30.6.2018
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash from operating activities	**53,663**	57,971
Interest received	**447**	196
Purchase of property, plant and equipment	**(17,956)**	(64,761)
Exploration and evaluation expenditure incurred	**(6,653)**	—
Net cash used in investing activities	**(24,162)**	(64,565)
Interest paid	**(404)**	(862)
Repayment of leases liabilities/obligations under finance leases	**(8,679)**	(5,342)
Dividends paid to non-controlling interest	**—**	(2,720)
Repayment of other borrowings	**(120)**	(750)
Net cash used in financing activities	**(9,203)**	(9,674)
Net increase (decrease) in cash and cash equivalents	**20,298**	(16,268)
Effect of foreign exchange rate changes	**(293)**	(6,059)
Cash and cash equivalents at 1 January	**142,137**	190,441
Cash and cash equivalents at 30 June		
Bank balances and cash	**162,142**	168,114

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

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 2019 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 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

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 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

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

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 "Leases" ("HKAS 17"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

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 16 "Leases" (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract
For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-term leases
The Group applies the short-term lease recognition exemption to leases of motor vehicles and properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases is recognised as expense on a straight-line basis over the lease term.

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 16 "Leases" (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Right-of-use assets
Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

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 16 "Leases" (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Refundable rental deposits
Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities
At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

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 16 "Leases" (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

<u>Lease liabilities (Continued)</u>
After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

<u>Lease modifications</u>
The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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 16 "Leases" (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

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 16 "Leases" (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application.

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 16 "Leases" (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

	At 1 January 2019 HK$'000
Operating lease commitments disclosed as at 31 December 2018	1,334
Less: recognition exemption — short-term leases	(312)
	1,022
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 discounted at relevant incremental borrowing rates	517
Add: obligation under finance leases recognised at 31 December 2018	23,594
Lease liabilities as at 1 January 2019	24,111
Analysed as	
Current liabilities	14,385
Non-current liabilities	9,726
	24,111

The carrying amount of right-of-use assets as at 1 January 2019 comprises the right-of-use assets relating to operating leases recognised upon application of HKFRS 16 of approximately HK$517,000.

In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 January 2019 amounting to HK$28,900,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance lease of HK$14,171,000 and HK$9,423,000 to lease liabilities as current and non-current liabilities respectively at 1 January 2019.

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 16 "Leases" (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 HK$'000	Adjustments HK$'000	Carrying amounts under HKFRS 16 at 1 January 2019 HK$'000
Non-current assets			
Right-of-use assets	—	517	517
Current liabilities			
Obligations under finance lease	14,171	(14,171)	—
Lease liabilities	—	14,385	14,385
Non-current liabilities			
Obligations under finance lease	9,423	(9,423)	—
Lease liabilities	—	9,726	9,726

For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

3. Revenue

Revenue represents the net amounts received and receivable for tin or copper concentrate sold in the normal course of business, net of sales related taxes. All of the Group revenue is recognised at point in time. The categories for disaggregation of revenue are consistent with the segment disclosure in note 4.

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	
	30.6.2019	30.6.2018
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Sales of tin concentrate	**252,848**	243,223

5. Other Gains and Losses

	Six months ended 30.6.2019 HK$'000 (unaudited)	30.6.2018 HK$'000 (unaudited)
Fair value change of equity securities at FVTPL	**(733)**	(1,015)
Net foreign exchange gain	**11,033**	18,606
	10,300	17,591

6. Finance Costs

	Six months ended 30.6.2019 HK$'000 (unaudited)	30.6.2018 HK$'000 (unaudited)
Interests on leases liabilities/obligations under finance leases	**476**	862
Interest on other borrowing	**1,350**	1,726
	1,826	2,588

7. Taxation

	Six months ended 30.6.2019 HK$'000 (unaudited)	30.6.2018 HK$'000 (unaudited)
Current tax charge		
— Australian Company Tax	**12,080**	22,763
Deferred tax charge	**11,240**	—
Taxation for the period	**23,320**	22,763

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 30.6.2019 HK$'000 (unaudited)	30.6.2018 HK$'000 (unaudited)
Profit for the period has been arrived at after charging:		
Cost of inventories recognised as an expense	**220,790**	180,527
Depreciation of property, plant and equipment	**67,681**	49,254
Depreciation of right-of-use assets	**445**	N/A*
Operating lease rentals in respect of rented premises	**N/A***	1,327
Short-term lease payments	**206**	N/A*
Staff costs (including directors' emoluments)	**62,992**	63,570

* Not applicable

9. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: 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 2019 and 2018 is based on the following data:

	Six months ended 30.6.2019 HK$'000 (unaudited)	Six months ended 30.6.2018 HK$'000 (unaudited)
Profit for the purposes of basic earnings per share	**29,160**	26,507
	'000	'000
Number of ordinary shares for the purpose of basic earnings per share	**6,830,000**	6,830,000

For both of the six months ended 30 June 2019 and 2018, 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

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

The recoverable amount of the CGU of the Mining Operation of approximately AUD97,500,000 (equivalent to approximately HK$534,865,000) as at 30 June 2019 was determined based on the higher of fair value less cost of disposal and value in use. The Group's management applied discounted cash flow method to assess the recoverable amount of the CGU of the Mining Operation. The discounted cash flow method was based on a discount rate of 17% and cash flow projection prepared from financial forecasts approved by the directors of the Company covering the expected mine life period until the mine resources run out based on proved and probable reserves and applied a probability on the indicated resources. The discount rate was estimated by using the capital asset pricing model with a risk free rate, which represented the 10-year Australia government bond yield, at 1.3%. The aggregate amount of reserve and resources used in the projection is 8.93 million tonnes and it is assumed the mineral reserve is mined over approximately 12 years at a rate of up to 0.73 million tonnes per annum. Such assumptions are based on the estimation provided by the management of the Group. The discount rate used reflects current market assessments of the time value of money and the risks specific to the cash-generating unit for which the estimates of future cash flows have not been adjusted. Other key assumptions for the calculation related to the estimation of cash inflows/outflows include AUD/United States Dollar ("USD") forward exchange rate ranging from 1:0.697 to 1:0.711, future price of tin of USD20,000 per tonne, which is benchmarked to analyst consensus forecast, and production rate of 1.53% per tonne.

As at 30 June 2019 the recoverable amount of the CGU of the Mining Operation is higher than its carrying value by HK$43,167,000. Accordingly, reversal of impairment losses on mine properties and developments and exploration and evaluation assets allocated to the CGU of the Mining Operation of approximately HK$28,778,000 and HK$14,389,000 respectively, which are allocated on a pro-rata basis based on the respective carrying value of mine properties and developments and exploration and evaluation assets, are recognised in profit or loss for the year ended 30 June 2019, respectively.

11. Property, Plant and Equipment and Exploration and Evaluation Assets (Continued)

Property, plant and equipment

During the six months ended 30 June 2019, the Group had additions to the property, plant and equipment amounted to approximately HK$17,956,000 (six months ended 30 June 2018: HK$64,761,000).

Exploration and evaluation assets

During the six months ended 30 June 2019, the Group had additions to the exploration and evaluation assets amounted to approximately HK$6,653,000 (six months ended 30 June 2018: Nil).

12. Trade Receivables

	30.6.2019 HK$'000 (unaudited)	31.12.2018 HK$'000 (audited)
Trade receivables	**49,462**	24,670

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 based on the market price of tin. 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:

	30.6.2019 HK$'000 (unaudited)	31.12.2018 HK$'000 (audited)
0–30 days	**49,462**	24,670

13. Equity securities at FVTPL

	30.6.2019 HK$'000 (unaudited)	31.12.2018 HK$'000 (audited)
Equity securities listed in Hong Kong	**282**	1,015

Fair values of equity securities at FVTPL are based on quoted market bid price at the end of the reporting period.

During the six months ended 30 June 2019, a loss of HK$733,000 (2018: a loss of HK$1,015,000) in respect of the changes in fair value of equity securities at FVTPL was recognised in the profit or loss for the period.

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:

	30.6.2019 HK$'000 (unaudited)	31.12.2018 HK$'000 (audited)
0–30 days	**22,890**	21,681
31–60 days	**70**	10,228
Total	**22,960**	31,909

15. Other Borrowing

The other borrowing is an unsecured loan from Cybernaut Greentech Investment Holding (HK) Limited ("Cybernaut" or the "Lender"), a shareholder with 24.89% (31 December 2018: 24.89%) equity interest in the Company, which is guaranteed by Mr. Xie Haiyu (the "Guarantor"), a shareholder with 8.87% (31 December 2018: 8.87%) equity interest in the Company, and it is interest-bearing at a fixed rate of 8% per annum. As at 31 December 2018, the other borrowing was with a maturity date on 31 March 2019 (the "Maturity Date"). On 19 February 2019, 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 21 March 2018, pursuant to which the parties agreed to further extend the Maturity Date for one year to 31 March 2020 with fixed interest rate of 8% per annum.

As at 30 June 2019, the carrying amount of the other borrowing was HK$57,810,000 (31 December 2018: HK$56,580,000), which included accrued interest payable of HK$23,831,000 (31 December 2018: HK$22,481,000).

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:

	30.6.2019 HK$'000 (unaudited)	31.12.2018 HK$'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	**2,634**	340
Exploration commitments	**15,200**	15,681

The exploration commitments represent the payments to the Mineral and Resources Department of Tasmania for the exploration of mineral resources.

As at 30 June 2019 and 31 December 2018, YT Parksong Australia Holding Pty Limited, a non-wholly owned subsidiary of the Company, has provided a guarantee and indemnity to a lessor relating to the Group's lease liabilities/obligations under finance lease. This guarantee and indemnity are given to such lessor jointly and severally with the joint venturer, Bluestone Mines Tasmania Pty Limited.

17. Related Party Transactions

During the six months ended 30 June 2019 and 2018, the Group had entered into the following significant transactions with a related party:

	30.6.2019 HK$'000 (unaudited)	30.6.2018 HK$'000 (unaudited)
Sales of tin concentrate to YTATR *(note)*	**252,848**	243,223
Interest expense on other borrowing from Cybernaut	**1,350**	1,726

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.

Compensation of key management personnel

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

	30.6.2019 HK$'000 (unaudited)	30.6.2018 HK$'000 (unaudited)
Short-term benefits	**4,981**	4,978
Contributions to retirement benefit scheme	**35**	36
	5,016	5,014

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)
	30.6.2019 HK$'000 (unaudited)	31.12.2018 HK$'000 (audited)		
Equity security at FVTPL	**282**	1,015	Level 1	Quoted bid prices in an active market
Trade receivables	**49,462**	24,670	Level 2	Derived from the quoted forward tin price

19. Approval of the Condensed Consolidated Financial Statements

These unaudited condensed consolidated financial statements were approved and authorised for issue by the Board on 20 August 2019.