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)

2019
ANNUAL REPORT

CONTENTS

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
Ms. SUMIYA Altantuya (appointed on 24 December 2019)

Non-executive Directors

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))
Mr. JIN Ye (appointed on 24 December 2019)

Independent Non-executive Directors

Mr. CHI Chi Hung, Kenneth
Mr. ZENG Jin
Mr. CHOW Wing Chau (resigned on 21 January 2020)
Mr. DUAN Zhida (appointed on 24 December 2019)

COMPANY SECRETARY

Mr. WONG Tak Shing (resigned on 8 May 2019)
Mr. LAM Hang Boris (appointed on 8 May 2019)

AUTHORISED REPRESENTATIVES

Mr. NIE Dong
Mr. LAM Hang Boris

PRINCIPAL BANKERS

Bank of China (Hong Kong) 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
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

CHAIRMAN STATEMENT

Dear Shareholders:

On behalf of the board of directors (the “Board”) of Greentech Technology International Limited (the “Company”, together with its subsidiaries, collectively referred to as the “Group”), I hereby present the annual report for the year ended 31 December 2019.

In 2019, global economy experienced downward pressure, as China-U.S. trade war further intensified, while Brexit remained an overhang on the UK and European economies. Meanwhile, geopolitical unease continued to sway market sentiment and brought uncertainties to the metal prices. As a result, demands for various base metals were significantly weakened, with prices in major metal markets tumbling during the year.

Regarding tin metal industry, tin price fell to a 3-year low of USD15,565 per tonne in August 2019 due to sluggish demand, despite seeing its high at the beginning of the year thanks to constrained supply in Indonesia. Global tin demand shrank in 2019 from fear of unstable macroeconomy. China, in particular, witnessed a weakening demand as global manufacturing was slowed by the U.S.-China trade tussle. On the supply side, manufacturers in China and Indonesia resolved in September to cut their production by approximately 30,000 tonnes, accounting for a roughly 8% of global tin supply. Such production halted the tin price drop. Tin price bottomed out in September and slightly picked up in the last quarter.

Total production volume of tin metal of the Renison underground mine in 2019 was 7,418 tonnes (2018: 6,557 tonnes), representing a remarkable year-on-year increase of approximately 13%. YT Parksong Australia Holding Pty Limited (“YTPAH”), an indirect non-wholly owned subsidiary of the Company, holding 50% interest in the Renison underground mine, was entitled to 3,709 tonnes of tin metal (2018: 3,279 tonnes) available for sale. The increase in production volume was mainly due to the relatively higher grade of ore excavated during the year, along with the improved production efficiency of the new purpose-built three-stage crushing, screening and ore sorting plant.

For the year ended 31 December 2019, the Group recorded a 2.7% increase in revenue to approximately HK$443,661,000. The Group’s audited consolidated loss attributable to the Company’s shareholders amounted to approximately HK$61,589,000 (2018: profit of approximately HK$39,345,000). The loss was primarily attributable to an increase in the provision for rehabilitation in the sum of approximately AUD8 million (equivalent to approximately HK$45,553,000), arising from the proposed closure of Mount Bischoff and taking into consideration an estimated decline in future tin price, the impairment loss recognised on property, plant and equipment, and exploration and evaluation assets of the Renison underground mine whereas there was a significant reversal of impairment in prior year.

The Group continued exploration work in the Renison underground mine in 2019 to discover potential tin resources and reserves. During the reporting period, the Group discovered the Bell 50 region. Ongoing drilling has confirmed that the high-grade Area 5 zone continues into the Bell 50 region. According to the Group’s recent estimates of mineral resources published in December 2019, the contained tin within the Renison underground mine increased by 8% from 263,000 tonnes to 285,100 tonnes. As at 10 December 2019, the measured, indicated and inferred mineral resources within the Renison underground mine was approximately 18,540,000 tonnes, with the grade of ore reaching 1.54%. Abundant amount of resources and reserves facilitates production expansion, and expedites business advancement of the Group.

Looking forward to 2020, although China and the U.S. have sent positive signals to the global economic outlook as the two largest economic powerhouses signed their long-awaited “phase one” trade deal lately, the coronavirus disease (COVID-19) outbreak has posed negative impacts on the global economy, dragging the performance of the tin mining industry. As the situation remains fluid as at the date of this report, the Directors considered the effect of COVID-19 on the Group's business operations and financial conditions cannot be reasonably estimated.

CHAIRMAN STATEMENT (CONTINUED)

The Renison underground mine has abundant resources and reserves. Looking ahead, the Group will continue to focus on conducting exploration in order to fully discover the resource potential of the mine and gain better information on the estimated reserves of high-grade ore within the mine. Furthermore, the Group will optimize its operations of three-stage crushing, screening and ore sorting plant for higher tin metal production. Together with our partners, we will continue to enhance production capacity of the Renison underground mine, so as to strive for continuous improvement.

On behalf of the Board, I would like to express our sincere gratitude to the management, clients, suppliers, business partners and staff for their continued support and faith in the Group during the previous year. The Group will strive to optimize its business operations and enhance its core competitiveness with the goal of creating greater value to investors and shareholders.

Li Dong
Chairman

27 March 2020

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2019, foreshadowed by the mounting geopolitical tensions between the U.S. and China, the global economy expanded at its slowest pace since the Great Recession in 2009. As China-U.S. trade war officially escalated, new tariffs on China came into effect in September 2019, not only reducing market demand, but also resulting in stagnant investment in Chinese electronic products, thereby directly hindering tin metal demand. According to Shanghai Metals Market, China's total consumption of tin concentrates from January 2019 to November 2019 was approximately 133,000 tonnes, representing a year-on-year drop of 2.93%.

The combined output of tin concentrates in China, Indonesia and Myanmar accounted for more than 70% of the world's total supply. In September 2019, 14 Chinese enterprises jointly announced to reduce tin concentrate production to stabilize tin price and maintain sustainable development of the industry. Therefore, China's production of tin concentrates decreased significantly by 9.97% to approximately 139,800 tonnes in 2019. Meanwhile, there has been a continuous shrinkage in Myanmar's underground tin supply, whilst reduced production of tin concentrates has been observed in Indonesia.

According to the London Metal Exchange ("LME"), tin price witnessed a plunge after a roller-coaster ride during 2019. It peaked in February 2019 before a prolonged drop since March 2019 and plummeted to its lowest point in late August 2019, despite a slight rally in December 2019. The annual average tin cash settlement price of LME was USD18,643 per tonne for the year ended 31 December 2019 (2018: USD20,153 per tonne), representing a notable year-on-year decrease of 7.5%.

BUSINESS REVIEW

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

Total production volume of tin metal of the Renison underground mine in 2019 was 7,418 tonnes (2018: 6,557 tonnes), representing a year-on-year increase of approximately 13%. YTPAH, an indirect non-wholly owned subsidiary of the Company holding 50% interest in the Renison underground mine, was entitled to 3,709 tonnes of tin metal (2018: 3,279 tonnes) available for sale.

For the year ended 31 December 2019, revenue of the Group witnessed a 2.7% increase to approximately HK$443,661,000. The Group's audited consolidated loss attributable to the Company's shareholders amounted to approximately HK$61,589,000 (2018: profit of approximately HK$39,345,000). The loss was primarily attributable to an increase in the provision for rehabilitation in the sum of approximately AUD8 million (equivalent to approximately HK$45,553,000) and the impairment loss recognised on property, plant and equipment and exploration and evaluation assets of the Renison underground mine whereas there was a significant reversal of impairment in prior year.

During the reporting period, the Group proposed closing Mount Bischoff, which was placed into care and maintenance as the reserve had been depleted for a period of time. During the second half of 2019, there were discussions with external consultants and regulatory authorities relating to the closure plans of Mount Bischoff. Currently, a proposed closure plan is expected to be submitted to the relevant regulatory or governmental authorities in Australia for approval in around mid-2020 the earliest.

The Group continued exploration work in the Renison underground mine in 2019 to discover potential tin resources and reserves. During the reporting period, the Group discovered the Bell 50 region. Ongoing drilling has confirmed that the high-grade Area 5 zone continues into the Bell 50 region. According to the Group's recent estimates of mineral resources published in December 2019, the contained tin within the Renison underground mine increased by 8% from 263,000 tonnes to 285,100 tonnes. As at 10 December 2019, the measured, indicated and inferred mineral resources within the Renison underground mine was approximately 18,540,000 tonnes, with the grade of ore reaching 1.54%. The increase in contained tin within the Renison underground mine provided greater room for the Group to enhance its production volume.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

PROSPECT

Going forward in 2020, 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 excavate high-grade ore from the area. In addition, the Group will carry on with its development in other areas within the Renison underground mine, including Bell 50 area located at the bottom of Area 5, with a view to increasing tin metal production and striving for better returns.

Regarding the tin market, the fast-growing development of new energy vehicles, smart manufacturing and 5G-related electronics have provided new impetus to tin applications. Among these, thanks to the growing demand for 5G-related electronics, tin will be frequently used in the production of wireless mobile and cloud infrastructure networks. Meanwhile, the setting up of such infrastructure requires new electronic and electrical interconnections, which will then create new demand for tin and solder-using equipment. However, the global economy has been dragged by the COVID-19 outbreak since the beginning of 2020, inevitably posing a negative impact on the tin market. As the situation remains fluid as at the date of this report, the Directors considered that the effect of COVID-19 on the Group's business operations and financial conditions cannot be reasonably estimated.

The Group continues to strengthen its business partnership with long-term business partner Yunnan Tin Group Company Limited ("Yunnan Tin PRC"). The Group entered into an agreement with Yunnan Tin Australia TDK Resources Pty Ltd. ("YTATR"), a wholly-owned subsidiary of Yunnan Tin PRC on the renewal of tin supply contract through YTPAH, pursuant to which the Group will continue to provide tin to Yunnan Tin PRC until January 2022. Such arrangement will generate stable and promising income for the Group.

Looking forward, the Group will pay close attention to the impacts of the coronavirus disease outbreak on its operating and financial conditions, and take the appropriate measures accordingly. Meanwhile, the Group will adopt a prudent yet forward-looking development approach and strive for continuous improvement through seizing market opportunities, and will also enhance its competitiveness by refining mine management and enhancing production efficiency, thus delivering better returns to the shareholders and investors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

For more details, please refer to the Environmental, Social and Governance Report for the year 2019 issued by the Company.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2019, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RELATIONSHIPS WITH STAKEHOLDERS

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

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

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

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

For more details, please refer to the Environmental, Social and Governance Report for the year 2019 issued by the Company.

KEY RISKS AND UNCERTAINTIES

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

Market Risks

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

Foreign Exchange Rate Risks

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

Business Risks

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

Joint Venture Partner Risks

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Revenue

The Group's audited consolidated revenue for the year ended 31 December 2019 amounted to approximately HK$443,661,000 (2018: approximately HK$431,969,000), an increase of approximately 2.7% from that of last year. The Group's revenue increased due to an increase in production volume which was partly offset by a decrease in tin price during the year.

Cost of sales

Cost of sales mainly included direct material costs, direct labour costs and manufacturing overhead absorbed during the production process of our products. It was approximately HK$437,803,000 for the year ended 31 December 2019 (2018: approximately HK$417,425,000), representing approximately 98.7% of the revenue recorded in the corresponding year (2018: 96.6%).

Gross profit

The Group had a gross profit of approximately HK$5,858,000 (2018: approximately HK$14,544,000) with gross profit margin of 1.3% for the year ended 31 December 2019 (2018: 3.4%). Decrease in gross profit was mainly due to the decrease in tin price and the increase in depreciation and amortisation expenses and staff costs during the year.

Administrative expenses

Administrative expenses, which represented approximately 9.8% of the Group's revenue, increased by approximately 6.7% from approximately HK$40,783,000 for the year ended 31 December 2018 to approximately HK$43,504,000 for the year ended 31 December 2019.

Finance costs

Finance costs represented approximately 0.9% of the Group's revenue in this year, decreased from approximately HK$5,027,000 for the year ended 31 December 2018 to approximately HK$3,902,000 for the year ended 31 December 2019. Decrease in finance costs was mainly due to decrease in interest on lease liabilities and other borrowing.

(Loss) profit for the year

The Group's audited consolidated loss attributable to the Company's shareholders for the year ended 31 December 2019 amounted to approximately HK$61,589,000 (2018: profit of approximately HK$39,345,000). The turn from profit to loss was mainly due to an increase in the provision for rehabilitation in current year and the impairment loss recognised on the property, plant and equipment and exploration and evaluation of assets of the Renison underground mine whereas there was a significant reversal of impairment loss in prior year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations through internally generated cash flows and borrowings. As at 31 December 2019, the Group did not have any bank facilities but had lease liabilities of approximately HK$12,459,000 (2018: obligation under finance leases of approximately HK$23,594,000) and other borrowing from a shareholder of the Company of approximately HK$59,180,000 (2018: approximately HK$56,580,000) which is an unsecured loan guaranteed by Mr. Xie Haiyu, a former shareholder of the Company, and is interest-bearing at a fixed rate of 8% per annum with a maturity date of 31 March 2020. As at the date of this report, the Company is in the course of negotiation with the lender to extend the maturity date of the loan. The gearing ratio of the Group, calculated as a ratio of total liabilities to total assets, was 43.6% as at 31 December 2019 (2018: 38.3%).

As at 31 December 2019, the Group had net current assets of approximately HK$61,932,000 (2018: approximately HK$58,175,000). Current ratio as at 31 December 2019 was 1.3 (2018: 1.3). The bank and cash balance of the Group as at 31 December 2019 was approximately HK$157,487,000 (2018: approximately HK$142,137,000).

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

CHARGES OF ASSETS

As at 31 December 2019, machineries with carrying values of approximately HK$12,615,000 (2018: HK$28,900,000) was pledged to secure the outstanding finance leases.

CONTINGENT LIABILITIES

As at 31 December 2019, except for the litigations as set out in the litigations section of this report, the Group did not have any significant contingent liabilities.

CAPITAL AND OTHER COMMITMENTS

The Group had capital and other commitments amounted to HK$28,873,000 as at 31 December 2019 (2018: HK$16,021,000). Please refer to note 34 to the consolidated financial statements for details.

SIGNIFICANT INVESTMENTS

For the year ended 31 December 2019, capital expenditure of the Group for property, plant and equipment amounted to approximately HK$53,236,000 (2018: HK$75,748,000). As at 31 December 2019, the Group's equity security listed in Hong Kong with fair value amounted to approximately HK$282,000 (2018: approximately HK$1,015,000).

MATERIAL ACQUISITION AND DISPOSAL

Acquisition of 10% of equity interest in Yu Jin Investment Co. Ltd. ("Yu Jin Investment (BVI)") involving issue of consideration shares under general mandate

On 24 December 2019, the Company entered into a share transfer agreement (the "Share Transfer Agreement") with Yu Jin Holdings Co. Ltd. (the "Vendor"), pursuant to which the Company has conditionally agreed to purchase 10 ordinary shares of Yu Jin Investment (BVI) (the "Sale Shares"), representing 10% of the entire issued share capital of Yu Jin Investment (BVI) as at the date of the Share Transfer Agreement, at a total consideration of HK$205,600,000 (the "Consideration"), subject to downward adjustment (the "Acquisition"). Yu Jin Investment (BVI) is indirectly interested in 60% equity interest in New Simin Resources Company Limited ("New Simin Resources"), a company incorporated in Mongolia, which in turn wholly owned 蒙古國巴彥洪戈爾省沙在冉五爾礦區 (MV-016950), an underground copper mineral mine located in Mongolia (the "Target Mine").

Assuming there be no adjustment on the Consideration, part of the Consideration shall be settled by the allotment and issue of 1,000,000,000 new ordinary shares in the share capital of the Company (the "Shares") by the Company (the "Consideration Shares") at the issue price of HK$0.1876 per Consideration Share on the date of completion to the Vendor. The Consideration Shares will be issued pursuant to the general mandate granted to the Directors by the shareholders of the Company (the "Shareholders") to allot, issue and deal with Shares not exceeding 20% of the then issued share capital of the Company at the annual general meeting of the Company held on 31 May 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group is principally engaged in the exploration, development and mining of tin and copper bearing ores in Australia through a joint operation. As disclosed in the Company's interim report for the six months ended 30 June 2019, the Group has been exploring opportunities to expand its business to overseas emerging markets other than Australia with an objective to further increase its profitability and diversify its business. In this regard, the Group had identified the Target Mine which would meet the Group's needs on strengthening its mineral portfolio. Further, through the Acquisition, the Company shall benefit from the Vendor procuring New Simin Resources to enter into a framework agreement with the Company for the purchase of copper mineral from New Simin Resources at a price no higher than the market price. Hence, this is expected to support the sustainable development of the Group in respect of growth and profit potential through the Acquisition.

Pursuant to the Share Transfer Agreement, completion is subject to the satisfaction of certain conditions precedent by 31 January 2020, or such other date as the parties may agree in writing (the "Long Stop Date"). The Long Stop Date has been first extended to 7 February 2020 and further extended to 9 April 2020, or such other date as the parties may agree in writing. As at the date of this annual report, completion has not taken place.

Details were disclosed in the announcements of the Company dated 24 December 2019, 4 February 2020 and 6 February 2020 respectively.

Save as disclosed above, there was no material acquisition or disposal during the year 2019.

SHARE OPTION SCHEME

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

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, the Group employed approximately 316 employees (2018: 298). Total staff costs for the year ended 31 December 2019 was HK$127,677,000 (2018: HK$121,241,000). The Group implemented its remuneration policy, bonus and salary based on achievements and performance of the employees. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong and state-managed retirement benefit scheme in the PRC and Vietnam. The employees for mining operation are employed by Bluestone Mines Tasmania Joint Venture Pty Limited ("BMTJV") on behalf of 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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 Mining and Resource Recycling Limited (“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 indirect non-wholly owned subsidiary of the Company. BMT is a wholly-owned subsidiary of Metals X which is a company listed on the Australian Securities Exchange.

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

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

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

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

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

Sampling/Assaying

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

Samples are dried at 90ºC, then crushed to <3mm. Samples are then riffle split to obtain a sub-sample of approximately 100g which is then pulverized to 90% passing 75um. 2g of the pulp sample is then weighed with 12g of reagents including a binding agent, the weighed sample is then pulverized again for one minute. The sample is then compressed into a pressed powder tablet for introduction to the X-Ray fluoresce. This preparation has been proven to be appropriate for the style of mineralization being considered.

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

MANAGEMENT DISCUSSION AND ANALYSIS (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 >2,065m, a lateral extent of >900m and a depth of over 1,300m.

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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

Tonnage estimates are dry tonnes.

Cut-Off Grade

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

Metallurgical and Mining Assumptions

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

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

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 requires a zone of 45m having a data density of at least 4 samples, while Inferred material is drilled at greater spacings.

Estimated Tin and Copper Reserves and Resources

For the period ended 31 December 2019, 660 core holes with NQ2 for 80,218 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As of 31 December 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 31 December 2019

CATEGORY[2]	TIN Tonnage (kt)[1]	TIN Grade (%Sn)	TIN Sn Metal (t)[1]	COPPER Tonnage (kt)[1]	COPPER Grade (%Cu)	COPPER Cu Metal (t)[1]
Resources						
Measured	1,750	1.66	29,200	1,750	0.29	5,000
Indicated	14,270	1.53	218,200	14,270	0.19	26,600
Inferred	2,510	1.50	37,700	2,510	0.21	5,200
Total	**18,540**	**1.54**	**285,100**	**18,540**	**0.20**	**36,700**
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**

1 Tonnes are reported as kilo tonnes (kt) and rounded to the nearest 10,000 tonnes; Sn and Cu tonnes are rounded to the nearest 100 tonnes. Rounding may result in some slight apparent discrepancies between the total amount and the aggregated amount of the corresponding sub-items.

2 Mineral Resources are reported inclusive of Mineral Resources modified to produce the Ore Reserve.

During the year under review, an extensive exploration and resources development drilling campaign targeting underground targets was conducted over Renison underground mine. 2,260 meters of capital development and 2,783 meters of operating development were advanced during the period. 7,418 tonnes of tin metal was produced from Renison underground mine and 0 tonne from Mount Bischoff, and processed ores averaged 1.40% Sn. No development or recovery production activities were carried out for Rentails Project.

Operating Expenses for the year ended 31 December 2019

	HK$'000
Mining costs	116,962
Processing costs	92,453
Royalty	8,548
Transportation	4,209
Depreciation	137,004
Others	78,627
Total	**437,803**

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Finance costs for the year ended 31 December 2019

	HK$'000
Interests on lease liabilities	696

For the year ended 31 December 2019, a total of approximately HK$66,532,000 capital expenditure was incurred for exploration, development or production activities. The details of the expenditure are shown below:

Capital Expenditure for the year ended 31 December 2019

	HK$'000
Property, Plant and Equipment	53,236
Exploration and Evaluation Assets	13,296
Total	66,532

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 31 December 2019

	TIN			COPPER		
CATEGORY[1]	**Tonnage** (kt)	**Grade** (%Sn)	**Sn Metal** (t)	**Tonnage** (kt)	**Grade** (%Cu)	**Cu Metal** (t)
Resources						
Renison underground mine	18,540	1.54	285,100	18,540	0.20	36,700
Mount Bischoff	1,667	0.54	8,981	—	—	—
Rentails	23,886	0.44	104,370	23,886	0.22	52,714
Total	**44,093**	**0.90**	**398,451**	**42,426**	**0.21**	**89,414**
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**

1 Mineral Resources are reported inclusive of Mineral Resources modified to produce the Ore Reserve.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 Rosebery, and 16km northeast of Zeehan where BMTJV has an accommodation village with bulk of the workforce resided.

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

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

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

Mount Bischoff

Mount Bischoff, acted as an incremental field to supplement the Renison ore, was mined by open-cast techniques and hauled by road-train to the Concentrator where it was blended with feedstock from the Renison underground mine until July 2010 when the open pit was suspended and placed into care and maintenance as the reserve had been depleted. As such, there is no fixed or updated plan on re-opening of Mount Bischoff within a considerable period of time. In view of this, BMTJV has not made any updated mining plan for Mount Bischoff since March 2011, and recognized an impairment loss of HK$40,162,000 on exploration and evaluation assets of this open-pit mine during the year ended 31 December 2012.

During the reporting period, the Group proposed closing Mount Bischoff, which was placed into care and maintenance as the reserve had been depleted for a period of time. During the second half of 2019, there were discussions with external consultants and regulatory authorities relating to the closure plans of Mount Bischoff. Currently, a proposed closure plan is expected to be submitted to the relevant regulatory or governmental authorities in Australia for approval in around mid-2020 the earliest.

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 24 million tonnes of tailings with an average grade of 0.45% tin and 0.22% copper stored in tailings dams at Renison underground mine. The contained tin within these dams is approximately 98,930 tonnes, one of the largest tin resources in Australia. In view of a significant capital requirement is required 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. The management of BMTJV will continue to conduct study on the feasibility of the Rentails project.

Renewal of mining lease

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

MANAGEMENT AGREEMENT

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

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

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

LITIGATIONS

HCA 1357/2011

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

GPL and the Company were named as 1st Defendant and 2nd Defendant in a writ of summons with a Statement of Claim dated 11 August 2011 filed by Mr. Chan under High Court Action number 1357 of 2011 ("HCA 1357 Action"). Under the Statement of Claim, Mr. Chan alleged that GPL and the Company have breached the Parksong S&P Agreement by failing to make payment of AUD15,143,422.44 (equivalent to approximately HK$82,582,000), being the alleged amount of the "Receivables" which Mr. Chan alleged is entitled under the Parksong S&P Agreement ("Mr. Chan's Claim").

GPL and the Company denied Mr. Chan's Claim and have made counterclaim against Mr. Chan for his breach of the respective terms and/or guarantees and/or warranties in the Parksong S&P Agreement. GPL and the Company filed their Defence and Counterclaim on 11 October 2011 which was amended on 23 May 2012 (as "D&C2") and re-amended on 31 August 2016 (as "D&C3") and further re-re-amended on 29 June 2018 (as "D&C4"). Under the D&C4, GPL and the Company sought to, amongst others, claim against Mr. Chan by way of counterclaim and set-off and stated that GPL has suffered loss and damage by reason of the following : (1) Mr. Chan has failed to make a payment to GPL in settlement of payables under the Parksong S&P Agreement ("Payables") (apart from the amount of AUD476,393 under (2) below; (2) the Company and GPL are disputing that Mr. Chan is entitled to claim the amount of AUD3,048,387.10 forming part of the Receivables and claim Mr. Chan for the sum of AUD476,393 forming part of the Payables in respect to cut-off of called cash payment as at

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 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$159,630,000 in total) and damages etc.

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

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

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

For the 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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

production shortfalls are in sum of approximately AUD3,284,000, AUD650,000 and AUD1,021,000 respectively (approximately of HK$27,024,000 in total). However, the Company and GPL are now making application to engage expert to provide expert's opinion on these amounts under the said Expert Evidence Application.

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

HCA2415/2019

The Company received a writ of summons under action number HCA2415/2019 issued in the High Court of the Hong Kong Special Administrative Region by Mr. Koo Yuen Kim (non-executive Director and a substantial shareholder of the Company) as plaintiff (the "Plaintiff") against the Company, Mr. Nie Dong (executive Director), Mr. Wang Chuanhu (executive Director), Ms. Xie Yue (executive Director), Mr. Zeng Jin (independent non-executive Director) and Yu Jin Holdings Co., Ltd. (the vendor under the Share Transfer Agreement (as defined in page 9 of this annual report)) as defendants. In the writ, the Plaintiff claimed for, among other things, (i) a declaration that the resolutions approving the proposed acquisition of Yu Jin Investment (BVI) (the "Proposed Acquisition") and the appointment of Ms. Sumiya Altantuya, Mr. Jin Ye and Mr. Duan Zhida (collectively the "New Directors") as Directors (collectively the "Resolutions") are void or liable to be set aside; (ii) a declaration that the Share Transfer Agreement is void or has been rescinded or an order to set aside the Share Transfer Agreement; and (iii) an order that the Company be restrained from, among others, taking any steps to perform any acts in respect of the Proposed Acquisition, allot and issue consideration shares pursuant to the Share Transfer Agreement or otherwise to effect changes in the share capital of the Company, and rely on the Resolutions or any instructions, votes or directions of any of the New Directors (collectively, the "Prohibited Acts"). The Plaintiff also applied for an injunction order against the Company restraining it from doing any of the Prohibited Acts (the "Injunction Order"). However, the judge did not grant the Injunction Order and the Company gave an undertaking to the effect that the Share Transfer Agreement would only be completed after the Board having considered and satisfactorily accepted the due diligence in a further meeting of the Board

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

and the New Directors would not vote in the further board meeting in respect of any resolution concerning the completion of the Share Transfer Agreement.

Notwithstanding the above, pursuant to the consensus subsequently reached between the Company and the Plaintiff, it is agreed, among others, that no further action will be taken against each other and the Plaintiff will have four representatives on the Board, including himself as the Chairman, and will appoint a co-chief executive officer to the Company. Besides, the Plaintiff has withdrawn the requisition notice dated 13 December 2019 (the "Requisition Notice") and voted for an adjournment sine die of the extraordinary general meeting of the Company held on 12 February 2020 at 11:00 a.m. in respect of the Requisition Notice.

For details, please refer to the announcements of the Company dated 31 December 2019, 3 January 2020, 22 January 2020 and 31 January 2020 respectively.

DIRECTORS AND SENIOR MANAGEMENT

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

EXECUTIVE DIRECTORS

Mr. LI Dong (李冬), aged 51, has been appointed as an executive director and chairman of the Company since August 2017. He graduated from University of Science and Technology of China with a Bachelor of Science degree. Previously, he was the deputy general manager of Toshiba notebook department, the general manager of marketing department and the general manager of handheld device network department in Lenovo. He also served as the general manager of Beijing Tianlang Voice Technology Co. Ltd.* (北京天朗語音科技有限公司), the vice president of Zhonghuan Communications Co., Ltd* (中寰通信公司) of China Satellite Communications Group* (中國衛通集團), the executive vice president of C&T Group* (華夏建通集團), and the vice president and director of C&T Technology Development Co., Ltd.* (華夏建通科技開發股份有限公司). He is currently the chairman of Cybernaut Greentech Investment Group* (賽伯樂綠科投資集團) and the vice chairman of Cybernaut Investment Group* (賽伯樂投資集團).

Mr. NIE Dong (聶東), aged 52, has been an executive director of the Company since August 2012. Mr. Nie was appointed as the Chief Executive Officer ("CEO") and member of the Remuneration Committee of the Company on 8 March 2013. Mr. Nie was also appointed as a member of the Management Committee and a director of BMTJV on 2 November 2012, responsible for managing the Renison project. Mr. Nie graduated from Chongqing Institute of Architecture and Engineering with a degree in Architecture; and obtained a postgraduate diploma in "Integrated Marketing Communications" coorganized by the University of Hong Kong and Sun Yat-sen University in 2003. Mr. Nie has about 27 years' experience in property development, architectural design, marketing and corporate governance.

Mr. WANG Chuanhu (汪傳虎), aged 52, has been an executive director of the Company since April 2014. Mr. Wang graduated from North China University of Technology in 1987 and holds a bachelor degree in management from BeiJin Municipal Committee of the CPC Party School in 1998. Prior to joining the Group, Mr. Wang has over 26 years' extensive experience in design of large enterprises, investment and operational management in various industrial, construction and commercial sectors in The People's Republic of China.

Ms. XIE Yue (謝玥), aged 28, has been appointed as an executive director of the Company since August 2017. She graduated from the Renmin University of China with a bachelor's degree in law in 2013, and a master degree in management from Imperial College London in the United Kingdom in 2014. Ms. Xie is currently the chief executive officer of So Salad (Shenzhen) Technology Co., Ltd.* (瘦沙拉(深圳)科技有限公司), in charge of the overall management and financing business.

Ms. SUMIYA Altantuya, aged 41, has been appointed as an executive director of the Company since 24 December 2019. Ms. Sumiya graduated from the Orkhon University in 2000 with a LLB Degree in Legal Studies. Ms. Sumiya graduated from the National Academy of Governance under the Cabinet Secretariat of the Government of Mongolia in 2016 with a diploma in State Administration Management. Currently, Ms. Sumiya is the chief financial officer of "Berkh Resources" Co., Ltd.

* for identification purpose only

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

NON-EXECUTIVE DIRECTORS

Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P (**丹斯里皇室拿督古潤金** P.S.M., D.P.T.J. J.P), aged 61, has been appointed as a non-executive director of the Company since March 2018. He is a renowned entrepreneur in Malaysia and the People's Republic of China. He has served as a chairman of the board of directors of Perfect Group Holdings Limited (完美集團控股有限公司). He focuses on production and sales work of such company. He is also experienced in company management and merger and acquisition. His remarkable business acumen and savvy has led his entrepreneurial ventures to success both in China and Malaysia and he has received recognitions from wide range of organizations. As at the date of this annual report, he holds 2,013,661,766 shares of the Company, representing approximately 29.48% of the issued share capital of the Company.

Mr. JIN Ye (金曄), aged 54, has been appointed as a non-executive director of the Company since 24 December 2019. Mr. Jin obtained his bachelor of laws degree from the East China University of Political Science and Law in 2003 through distance learning. Mr. Jin is currently a senior partner and deputy chief lawyer of Shanghai Zhenting Law Firm.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHI Chi Hung, Kenneth (季志雄), aged 51, has been appointed as an independent non-executive director of the Company since October 2012. Mr. Chi was also appointed as the Chairman of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Chi has over 25 years of experience in accounting and financial control area. He holds a Bachelor of Accountancy Degree from the Hong Kong Polytechnic University and is a fellow member of Association of Chartered Certified Accountants in the United Kingdom, an associate member of the Hong Kong Institute of Certified Public Accountants, an associate member of the Hong Kong Institute of Chartered Secretaries and an associate member of the Institute of Chartered Secretaries and Administrators in the United Kingdom. Mr. Chi is currently an independent non-executive director of each of Perfect Shape Beauty Technology Limited (stock code: 1830), Noble Century Investment Holdings Limited (now known as Hong Kong ChaoShang Group Limited) (stock code: 2322) and Union Asia Enterprise Holding Limited (stock code: 8173), all of which are listed on The Stock Exchange of Hong Kong Limited. Mr. Chi was an executive director of DeTai New Energy Group Limited (stock code: 559) from January 2010 to March 2020 and an executive director of Ceneric (Holdings) Limited (now known as TFG International Group Limited) (stock code: 542) from October 2010 to June 2017 which companies are listed on The Stock Exchange of Hong Kong Limited.

Mr. ZENG Jin (曾錦), aged 58, has been appointed as an independent non-executive director of the Company since March 2018. He graduated from China Central Radio and TV University (now known as The Open University of China) with a distance learning bachelor degree in Law. He has worked as a lawyer in the People's Republic of China for over 28 years and is currently a partner of Goldsun Law Firm and the deputy director of Continuing Education Committee of the Eleventh Session of Guangdong Lawyers Association. Mr. Zeng had been the representative of the Eighth All China Lawyers Representatives Congress; the council member of the Ninth Session of Guangdong Lawyers Association; the council member and executive director of the Tenth Session of Guangdong Lawyers Association; the director of Continuing Education Committee of the Tenth Session of Guangdong Lawyers Association; and the chairman of the Third session of Heyuan Lawyers Association.

Mr. DUAN Zhida (段志達), aged 55, has been appointed as an independent non-executive director of the Company since 24 December 2019. Mr. Duan graduated from Fuxin Mining College, in the People's Republic of China in 1987 with a bachelor of engineering. Mr. Duan is a qualified mechanical engineer.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

ALTERNATE DIRECTOR

Mr. HSU Jing-Sheng (許進勝) (also known as Steven Hsu), aged 49, has been appointed as the alternate director to Tan Sri Dato' Koo Yuen Kim, a non-executive director of the Company, since 8 May 2019. Mr. Hsu is an Attorney at Law in Taiwan, a holder of Legal Practice Qualification in the People's Republic of China and a Registered Foreign Lawyer in Hong Kong. Mr. Hsu graduated from Soochow University with a Bachelor of Laws in 1995 and obtained Master of Laws from the National Chung Cheng University in 1999. Mr. Hsu has been a senior consultant at Beijing Zhong Yin Law Firm since 2009 and a partner at Zhong Yin Law Firm (Taiwan) since 2014. Mr. Hsu has extensive areas of practice in his legal profession including securities, finance, banking, insurance funds, restructuring merger and acquisition and is currently a general counsel at Perfect (China) Co., Ltd. (完美(中國)有限公司), of which Tan Sri Dato' Koo is the chairman of the board of directors. Mr. Hsu is currently a non-executive director of Bay Area Gold Group Limited (Stock Code: 1194) which is list on The Stock Exchange of Hong Kong Limited.

SENIOR MANAGEMENT

Mr. LAM Yiu Por (林曉波), aged 43, has been the head of investor relations since November 2013, and has been promoted as the vice president and the Chief Financial Officer since September 2014. Mr. Lam holds a Bachelor's degree in Accountancy from the Hong Kong Polytechnic University. He is a fellow member of the Association of Chartered Certified Accountants, a certified public accountant of the Hong Kong Institute of Certified Public Accountants, a chartered financial analyst of the Chartered Financial Analyst Institute and an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He has more than 20 years of experience in the field of finance and accounting. Mr. Lam is currently an independent non-executive director of each of JNBY Design Limited (stock code: 3306) and Denox Environmental & Technology Holdings Limited (stock code: 1452), these companies are listed on The Stock Exchange of Hong Kong Limited. He was an independent non-executive director of Yat Sing Holdings Limited (stock code: 3708), during the period of December 2014 to March 2016, was a non-executive director of Zhong Ao Home Group Limited (stock code: 1538), during the period of April 2015 to May 2017, was an independent non-executive director of China Tontine Wines Group Limited (stock code: 389), during the period of November 2016 to November 2018, both companies being listed on The Stock Exchange of Hong Kong Limited.

Mr. LAM Hang, Boris (林鏗), aged 48, has been the chief investment officer of the Company since September 2018, and has been appointed as the company secretary and authorised representative of the Company since May 2019. Mr. Lam graduated from The Hong Kong Polytechnic University with a bachelor's degree in accountancy and is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Lam began his career with auditing and financial advisory in KPMG, and has more than 23 years of auditing, financial advisory and financial management related experience.

CORPORATE GOVERNANCE REPORT

The Board is committed to maintaining high standard of corporate governance which is reviewed and strengthened on a continued basis. The Company has adopted all the provisions under the "Corporate Governance Code" (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practice. For the year ended 31 December 2019, the Company had complied with all provisions under the Code, except for the deviation from the code provisions disclosed in the section headed "Deviations from the Code Provisions" in this Corporate Governance Report. This corporate governance report contains the detailed explanations on the Company's practices in compliance with the applicable code provisions and the considered reasons for such deviations.

GOVERNANCE STRUCTURE

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

BOARD OF DIRECTORS

Board functions

The Board is principally responsible for establishing the development direction of the Group, formulating targets and business development plans, approving major agreements and matters, monitoring the performance of senior management and is responsible for corporate governance with a view to increasing shareholders' value. Led by the CEO, the management is responsible for implementing the strategies and plans developed by the Board. The Company has developed a schedule of matters reserved to the Board for its decision and has separately identified those functions reserved to the Board including matters relating to seeking, assessing and approving potential material acquisitions, disposals, investments or transactions, approving appointment of Directors and others significant matters of the Group such as formulating corporate goals and development strategies. The Board will review those arrangements on a regular basis to ensure that the arrangements meet the needs of the Company.

Board composition

The Board currently comprises ten directors (the "Directors"), including five Executive Directors (the "EDs"), namely, Mr. Li Dong (Chairman), Mr. Nie Dong (Chief Executive Officer), Mr. Wang Chuanhu, Ms. Xie Yue and Ms. Sumiya Altantuya; two Non-Executive Directors, namely Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P (Mr. Hsu Jing-Sheng as his alternate) and Mr. Jin Ye; and three Independent Non-Executive Directors (the "INEDs"), namely, Mr. Chi Chi Hung, Kenneth, Mr. Zeng Jin and Mr. Duan Zhida. The biographical details of the existing Directors and the relationships among them as at the date of this report are set out in the Directors' and Senior Management's Profile section on pages 22 to 24 of this annual report. Save as disclosed in this annual report, none of the Directors has any business, financial, or family interests with each other and the Company.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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

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

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

Board Delegation

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board, Board committees and general meetings

The total number of the meetings and the individual attendance of each Director in person at each of the meetings during the year ended 31 December 2019 were as follows:

Name of Directors	Board meeting	Remuneration committee meeting	Nomination committee meeting	Audit committee meeting	Annual General Meeting	Extra-Ordinary General Meeting
	Number of meeting(s) attended/number of meeting(s) convened within the period of appointment for individual director					
Executive directors						
Mr. Li Dong	2/20	N/A	N/A	N/A	1/1	N/A
Mr. Nie Dong	16/20	2/2	N/A	N/A	1/1	N/A
Mr. Cheung Wai Kuen (retired on 31 May 2019)	4/7	N/A	0/0	N/A	0/1	N/A
Mr. Wang Chuanhu	18/20	N/A	N/A	N/A	0/1	N/A
Ms. Xie Yue	17/20	N/A	N/A	N/A	0/1	N/A
Ms. Sumiya Altantuya (appointed on 24 December 2019)	1/2	N/A	N/A	N/A	N/A	N/A
Non-executive directors						
Tan Sri Dato' Koo Yuen Kim P.S.M.,D.P.T.J. J.P	0/20	N/A	N/A	N/A	0/1	N/A
Mr. Jin Ye (appointed on 24 December 2019)	2/2	N/A	N/A	N/A	N/A	N/A
Mr. Hsu Jing-Sheng (alternate director to Tan Sri Dato' Koo Yuen Kim P.S.M.,D.P.T.J. J.P) (appointed on 8 May 2019)	11/14	N/A	N/A	N/A	0/1	N/A
Independent non-executive directors						
Mr. Chi Chi Hung, Kenneth	11/20	2/2	2/3	3/3	0/1	N/A
Mr. Zeng Jin	14/20	2/2	3/3	3/3	1/1	N/A
Mr. Chow Wing Chau (resigned on 21 January 2020)	15/20	2/2	3/3	3/3	0/1	N/A
Mr. Duan Zhida (appointed on 24 December 2019)	2/2	N/A	N/A	N/A	N/A	N/A

CORPORATE GOVERNANCE REPORT (CONTINUED)

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

During the year, Mr. Li Dong, the Chairman, had a meeting with the INEDs without the presence of the other directors and management.

DEVIATIONS FROM THE CODE PROVISIONS

The Company has complied with the Code during the year ended 31 December 2019 save and except the following deviations:

Non-Compliance with Code Provision A.1.1 of the Code

Pursuant to Code Provision A.1.1 of the Code, the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. The Board held 20 meetings in the year ended 31 December 2019, two of which were regular meetings to approve the final results for the year ended 31 December 2018 and the interim results for the six months ended 30 June 2019. Although the Company only held two regular Board meetings, the Directors are of the view that there was sufficient time and opportunity for each Director to discuss the operations of the Company as 20 Board meetings (including two regular Board meetings) were held in the year ended 31 December 2019. Going forward, the Board will use its best endeavor to meet regularly and hold at least four regular Board meetings each year.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Non-Compliance with Code Provisions A.6.7 and E.1.2 of the Code

Pursuant to Code Provision A.6.7 of the Code, independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. Pursuant to Code Provision E.1.2 of the Code, the chairman of the Audit Committee, Remuneration Committee and Nomination Committee should be invited to attend the annual general meeting. Due to other commitments, Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P, a NED, Mr. Chow Wing Chau, an INED, and Mr. Chi Chi Hung, Kenneth, an INED and the chairman of each of the Audit Committee, the Nomination Committee and the Remuneration Committee, were unable to attend the annual general meeting of the Company held on 31 May 2019.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to Code Provision A.6.5 of the Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the reporting period, Mr. Hsu Jing-Sheng and Mr. Chi Chi Hung, Kenneth attended seminars organised by professional organisations, each of the Directors has participated in continuous professional development by reading materials relevant to the Director's duties and responsibilities and rules updates so as to develop and refresh their knowledge and skills, and to ensure that their contribution to the Board remains informed and relevant.

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

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

B: seminars organised by professional organisations.

CORPORATE GOVERNANCE REPORT (CONTINUED)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

During the year, Mr. Li Dong is the Chairman and Mr. NIE Dong is the CEO.

NON-EXECUTIVE DIRECTORS AND INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company entered a service contract with each of the NEDs and INEDs for a term of three years. Please refer to page 39 for further details.

Following the resignation of Mr. Chow Wing Chau as an INED with effect from 21 January 2020, the number of INEDs has fallen below one-third of the Board as required under Rule 3.10A of the Listing Rules. The Board will use its best endeavours to meet the requirement relating to the INED and will make further announcement as and when appropriate.

SECURITIES TRANSACTIONS OF THE DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. All Directors have confirmed in writing that, in respect of the year ended 31 December 2019, they have complied with the required standard as set out in the Model Code.

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

REMUNERATION COMMITTEE

Remuneration Committee functions

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

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

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

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

Remuneration Committee composition

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

Remuneration Committee meetings

During the year ended 31 December 2019, the RC had met two times to discuss the remuneration of Directors. The details of the number of the RC meetings held during the year of 2019 and the relevant record of individual attendance of the members of the RC, on a named basis, are shown in the table under the heading "Board, Board committees and general meetings" on page 27 of this corporate governance report.

The Directors are remunerated with reference to their respective duties and responsibilities with the Company, the Company's performance and current market situation.

NOMINATION COMMITTEE

Nomination Committee functions

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

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

The NC has developed a formal, consistent and transparent procedure for the appointment of new Directors to the Board. There would be plans in place for orderly succession for appointments to the Board. All Directors would be subject to re-election at regular intervals. When a potential candidate for Director (whether to fill a casual vacancy or as an addition) has been identified whether through internal promotion, re-designation, referral by or recommendation from existing Directors or management of the Company, the Company Secretary of the Company, on behalf of the Nomination Committee, will request the candidate to provide his/her biographical details and other information relating to the proposed appointment such as information relating to his relationship with any directors, senior management or substantial or controlling shareholders of the Company, his interests in the securities of the Company, his academic or professional qualifications, together with corresponding supporting documents. In selecting and evaluating candidate(s) for directorship(s), the NC will consider the skills and expertise of the candidates as well as personal ethics, integrity and the willingness to commit time to the affairs of the Group. All candidates must be able to meet the standards set out in the Listing Rules. A candidate who is to be appointed as INED should also meet the independence criteria set out in Rule 3.13 of the Listing Rules. The Nomination Committee will then make recommendations for the Board's consideration and approval. The above principal duties are regarded as the key nomination criteria and principles for the nomination of Directors, which also form part of the nomination policy of the Company.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board Diversity Policy

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

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

As at the date of this report, the Board comprises 10 Directors. The Directors are of diverse educational background and possess a wide spectrum of professional qualifications and business experience. The Board is of significant diversity, whether considered in terms of professional and educational background and skills.

Nomination Committee composition

The NC comprises three INEDs namely, Mr. Chi Chi Hung, Kenneth, Mr. Zeng Jin and Mr. Duan Zhida. Mr. Chi Chi Hung, Kenneth was appointed as the chairman of the NC.

Nomination Committee meetings

During the year ended 31 December 2019, the NC had met three times to discuss the structure, size, and composition of the Board; and the appointment of senior management to the Group. The details of the number of the NC meetings held during the year ended 31 December 2019 and the relevant record of individual attendance of the members of the NC, on a named basis, are shown in the table under the heading "Board, Board committees and general meetings" on page 27 of this corporate governance report.

AUDIT COMMITTEE

Audit Committee functions

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

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

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

Audit Committee composition

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

Audit Committee meetings

During the year ended 31 December 2019, the AC had met three times to discuss the following matters:

- to review the final results of the Group for the year ended 31 December 2018 prior to recommending them to the Board for approval;

- to review the interim results of the Group for the half year ended 30 June 2019 prior to recommending them to the Board for approval;

CORPORATE GOVERNANCE REPORT (CONTINUED)

- to review the selection and re-appointment of the external auditor of the Company for the year ended 31 December 2019 prior to recommending them to the Board for approval and the Board had agreed with the AC's view on this matter;

- to discuss with our external auditor the planning of audit work;

- to discuss with our external auditor the scope of their audit work and respective major findings in interim and annual financial statements and key audit matters included in the independent auditor's report;

- to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system.

The details of the number of the AC meetings held during the year ended 31 December 2019 and the relevant record of individual attendance of the members of the AC, on a named basis, are shown in the table under the heading "Board, Board committees and general meetings" on page 27 of this corporate governance report.

As at the date of this corporate governance report, the AC has reviewed with management the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters including the review of audited consolidated financial statements of the Group for the year ended 31 December 2019 in conjunction with the Group's external auditor.

AUDITOR'S REMUNERATION

During the year ended 31 December 2019, the Company engaged Deloitte Touche Tohmatsu as the external auditor of the Company to perform audit and non-audit services. The audit service fee was approximately HK$2,020,000 and non-audit service fee for review of preliminary results announcement and annual review of the Group's continuing connected transactions, review of the condensed consolidated financial statements was HK$440,000 for the year ended 31 December 2019.

COMPANY SECRETARY

The company secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The company secretary reports to the Board and the Chief Executive Officer. From time to time, the company secretary advises the Board on governance matters and ensures the board procedures, applicable laws, rules and regulations are followed. During the year ended 31 December 2019, the company secretary, Mr. Lam Hang, Boris has confirmed that he has taken no less than 15 hours of relevant professional training.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing all information and representations contained in the financial statements for the year ended 31 December 2019 as disclosed in this annual report. The Directors consider that the financial statements have been prepared in conformity with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and management with an appropriate consideration to materiality. As at 31 December 2019, the Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements on a going concern basis. The statement of the auditors of the Company regarding their responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 46 to 50 of this annual report.

CORPORATE GOVERNANCE REPORT (CONTINUED)

INTERNAL CONTROL AND RISK MANAGEMENT

Risk management and internal control:

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

During the financial year ended 31 December 2019, the Company has identified, evaluated and managed significant risks via the following process:

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

A. Risk Management and Internal Control Systems Review:

To review the effectiveness of the risk management and internal control systems of the Group and to resolve (if any) material internal control defects of the Group for the year ended 31 December 2019, the Company adopted a COSO ERM — Integrated Framework (2004) which is issued by the Committee of Sponsoring Organizations ("COSO") of The Treadway Commission to perform the risk assessment (the "Review") on the Group for the year ended 31 December 2019. The Review is designed to enhance the risk management of the Group through a holistic and integrated framework so that all material risks faced by the Group are identified and appropriately managed to:

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

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

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

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

During the Review, the Company conducted the following procedures:

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

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

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

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

B. Group Risk Report:

In 2019, the Company conducted an annual Groupwide review based on the Group's ERM Framework to assess the risks relevant to the existing businesses of the Group. The Group Risk Report for 2019 was compiled to cover: (i) the top risks of the Group; and (ii) associated action plans and controls designed to mitigate the top risks, where applicable, at appropriate levels.

CORPORATE GOVERNANCE REPORT (CONTINUED)

C. Internal Audit Function

During the financial year ended 31 December 2019, the Company had appointed an internal control advisor (the "IC Advisor") to perform internal audit function for the Group. The IC Advisor conducted its internal audit review activities according to the endorsed internal audit scope during the financial year ended 31 December 2019. The IC Advisor reported the internal audit findings and recommendations to both the AC and the management of the Group. The management of the Group agreed on the internal audit findings and adopted the recommendations by the IC Advisor accordingly.

D. Management's confirmation on risk management

Based on the risk management mechanism and internal audit review activities mentioned in the aforementioned paragraphs, the management of the Group had provided a confirmation to the Board that the Group had maintained an effective and adequate risk management mechanism and internal control system during the financial year ended 31 December 2019.

COMPLIANCE COMMITTEE

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

During the year 2019, in relation to the corporate governance functions, the CC has held a meeting and has reviewed the Company's compliance with the Code and the regulatory and statutory requirements, and the disclosure in the corporate governance report.

DIVIDEND POLICY

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

SHAREHOLDERS' RIGHTS

Right to convene General Meeting

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

Right to Put Forward Proposals at General Meetings

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

Right to Put Enquiries to the Board

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

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

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

Investor Relations

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

To strengthen the investors' relationship, the Company provides different ways for investors to access the soft and hard copies of the Company's information. The printed copies of this annual report in both English and Chinese languages will be dispatched to the Shareholders of the Company on 16 April 2020. Shareholders can obtain corporate communications free of charge by notice in writing to the Company Secretary of the Company. This annual report in both English and Chinese language is also available on the following websites:

(a) www.hkex.com.hk

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

During the year ended 31 December 2019, there had been no significant change in the Company's constitutional document.

DIRECTORS' REPORT

The Board herein presents the annual report and the audited consolidated financial statements (the "Consolidated Financial Statements") of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and providing corporate management services. Details of the principal activities and other particulars of the subsidiaries are set out in note 41 to the Consolidated Financial Statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 51. The directors do not recommend the payment of a dividend for the year ended 31 December 2019.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are set out in the Chairman Statement as well as the Management Discussion and Analysis on pages 3 to 4 and pages 5 to 21 of this Annual Report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the Group's Five-year Financial Summary on page 118 of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2019 are set out in note 15 to the Consolidated Financial Statements.

SHARE CAPITAL AND SHARE OPTIONS

There was no movement in the share capital and no outstanding share options of the Company during the year ended 31 December 2019.

EQUITY-LINKED AGREEMENTS

Please refer to pages 9 to 10 of this Annual Report for details of the Share Transfer Agreement, being an equity-linked agreement entered into by the Company during the year and subsisting at the end of the year.

Save as disclosed above, no equity-linked agreement will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company for the year ended 31 December 2019 or subsisted at the end of the year 31 December 2019.

DIRECTORS' REPORT (CONTINUED)

DISTRIBUTABLE RESERVE OF THE COMPANY

As at 31 December 2019, the Company's reserves available for distribution to shareholders were as follows:

	HK$'000
Share premium	950,427
Accumulated losses	(525,906)
Translation reserve	(166,707)
	257,814

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

TAXATION OF HOLDERS OF SHARES

(a) Hong Kong

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

(b) Cayman Islands

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

(c) Professional tax advice recommended

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

DIRECTORS

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

Executive Directors

Mr. LI Dong *(Chairman)*
Mr. NIE Dong *(Chief Executive Officer)*
Mr. CHEUNG Wai Kuen (retired on 31 May 2019)
Mr. WANG Chuanhu
Ms. XIE Yue
Ms. SUMIYA Altantuya (appointed on 24 December 2019)

Non-executive Directors

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))
Mr. JIN Ye (appointed on 24 December 2019)

Independent Non-executive Directors

Mr. CHI Chi Hung, Kenneth
Mr. ZENG Jin
Mr. CHOW Wing Chau (resigned on 21 January 2020)
Mr. DUAN Zhida (appointed on 24 December 2019)

DIRECTORS' SERVICE CONTRACTS

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

Mr. Chi Chi Hung, Kenneth has entered into a service contract with the Company for a term of three years commencing on 12 October 2017 until terminated by not less than three months' notice in writing served by either party on the other.

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

Mr. Wang Chuanhu has entered into a service contract with the Company for a term of one year commencing from 1 April 2019 until terminated by not less than three months' notice in writing served by either party on the other. The contract has been renewed with a term of one year commencing from 1 April 2020 until terminated by not less than three months notice in writing served by either party on the other.

Each of Ms. Sumiya Altantuya, Mr. Jin Ye and Mr. Duan Zhida has entered into a service contract with the Company for a term of three years commencing on 24 December 2019 until terminated by not less than three months' notice in writing served by either party on the other.

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

PERMITTED INDEMNITY PROVISION

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

DIRECTORS' REPORT (CONTINUED)

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

Save as disclosed below, as at 31 December 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 in the Listing Rules.

Long Position in shares in the Company

Name of Director	Capacity	No. of ordinary shares held in the Company (long position)	approximate % of issued share capital of the Company
Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P	Beneficial owner	2,013,661,766	29.48

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

Save as disclosed below, the Company had not been notified of any other person who had an interest or short position in the shares and underlying shares of the Company. The register required to be kept under section 336 of the SFO shows that as at 31 December 2019, the following persons/entities have interest and/or short position in the shares or underlying shares of the Company:

Long position in shares in the Company

Name of substantial Shareholder	Capacity	No. of ordinary shares held (long position)	approximate % of issued share capital of the Company
Ren Ming Hong *(Note 1)*	Interest of controlled corporation	1,700,000,000	24.89%
Amazing Express International Limited *(Note 1)*	Interest of controlled corporation	1,700,000,000	24.89%
Excel Jumbo International Limited *(Note 1)*	Interest of controlled corporation	1,700,000,000	24.89%
Yu Tao *(Note 2)*	Interest of controlled corporation	1,700,000,000	24.89%
新余銘沃投資管理中心 *(Notes 2 and 3)*	Interest of controlled corporation	1,700,000,000	24.89%
上海港美信息科技中心 *(Notes 2 and 3)*	Interest of controlled corporation	1,700,000,000	24.89%
杭州賽旭通投資管理有限公司 *(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%

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

Long position in Shares in the Company (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 75% 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.

DIRECTORS' REPORT (CONTINUED)

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

None of the Directors or controlling shareholders of the Company had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding companies, or any of its subsidiaries was a party during the year ended 31 December 2019.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2019 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

NON-COMPETING UNDERTAKING

During the year ended 31 December 2019, none of the Directors had any interest in a business which competed with or might compete with the business of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2019, the percentages of sales attributable to the Group's largest customer was 100%. The percentages of purchases from the Group's largest supplier and the five largest suppliers were 13.2% and 32.3%, respectively.

During the year ended 31 December 2019, none of the Directors or any of their close associates, or any Shareholders of the Company (which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in any of the Group's five largest suppliers or customers.

CONTINUING CONNECTED TRANSACTIONS

(a) Tin concentrates supply

On 19 February 2016, YTPAH entered into the tin supply contract with YTATR, pursuant to which YTPAH agreed to supply tin concentrates (the "Tin Supply Contract") to YTATR for the period from 1 February 2016 to 31 January 2019. YTPAH is a wholly-owned subsidiary of Yunnan Tin Hong Kong (Holding) Group Company 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 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.

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.

DIRECTORS' REPORT (CONTINUED)

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 year ended 31 December 2019 amounted to approximately HK$443,661,000.

(b) Copper concentrates supply

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

The annual caps for the transactions contemplated under the Copper Supply Contract are approximately HK$10.5 million from 19 February 2016 to 31 December 2016, approximately HK$14.9 million for the year ending 31 December 2017, approximately HK$18.6 million for the year ending 31 December 2018 and approximately HK$1.9 million from 1 January 2019 to 31 January 2019.

If the copper grade is equal to or over 30% on dmt basis (under the same basis hereinafter), YTATR shall pay 96.5% of the full copper content, subject to a minimum deduction of one (1) unit. If the copper grade is less than 30%, one (1) unit of the gross copper assay at 30% copper plus 0.2 unit for each one percent below 30% copper are deducted from the gross copper assay. No payment shall be made for silver if the silver content is less than 30 grams per dmt. If the silver content is equal to or exceeds 30 grams per dmt, subject to the copper grade being equal to or exceeds 30% on dmt basis, YTATR shall pay 90% of the full silver content. If the silver content is equal to or exceeds 30 grams per dmt, subject to the copper grade being less than 30% on dmt basis, YTATR shall pay 80% of the full silver content. The treatment charge and refining charge for copper concentrates shall be USD180 per dmt and USD0.18 per pound of copper payable; whereas the treatment charge and refining charge for silver shall be USD0.5 per payable ounce of silver payable.

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

There is no revenue under the Copper Supply Contract for the year ended 31 December 2019.

(c) Annual review

The INEDs have reviewed and confirmed that the continuing connected transactions contemplated under the Tin Supply Contract, the New Tin Supply Contract and the Copper Supply Contract were entered into (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreement governing it on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. Pursuant to 14A.56 of the Listing Rules, the Company has engaged the

DIRECTORS' REPORT (CONTINUED)

Company's external auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified assurance report in respect of the continuing connected transactions as disclosed by the Group in pages 42 to 43 in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange. The Company confirms that they have complied with the disclosure requirements with respect to those continuing connected transactions in accordance with Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the information in relation to the related party transactions of the Group during the year are set out in note 38 to the Consolidated Financial Statements. Save as disclosed in the section headed "Continuing Connected Transactions" above, there were no other related party transactions during the year which is required to be disclosed under Chapter 14A of the Listing Rules.

EMOLUMENT POLICY

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

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

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2019.

PRE-EMPTIVE RIGHTS

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

RETIREMENT BENEFIT SCHEMES

Other than operating a Hong Kong Mandatory Provident Fund Scheme and participating in the state-managed retirement benefit scheme in Australia, the PRC and Vietnam, the Group has not operated any other retirement benefit schemes for the Group's employees. Particulars of the retirement benefit schemes are set out in note 36 to the Consolidated Financial Statements.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, except the deviations disclosed in the section headed Deviations from the Code Provisions in the Corporate Governance Report, the Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2019.

DIRECTORS' REPORT (CONTINUED)

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

The Group's consolidated financial statements for the year ended 31 December 2019 have been reviewed by the audit committee of the Company, who are of the opinion that such statements comply with the applicable accounting standards and legal requirements, and that adequate disclosures have been made.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules during the year ended 31 December 2019 and as at the latest practicable date prior to the issue of this report (i.e 16 April 2020).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 118.

AUDITOR

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

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

On behalf of the Board

Xie Yue
Executive Director

27 March 2020

INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

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

OPINION

We have audited the consolidated financial statements of Greentech Technology International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 51 to 117, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on mining related property, plant and equipment, right-of-use assets and exploration and evaluation assets	
We identified the impairment assessment on mining related property, plant and equipment, right-of-use assets and exploration and evaluation assets as a key audit matter due to significant judgement involved by the management of the Group in determining the recoverable amount of the cash-generating unit during the value in use assessment. For the impairment assessment of the Group's mining related property, plant and equipment (which mainly include the mine properties and developments, buildings, construction in progress and machineries for the mine operation), right-of-use assets and exploration and evaluation assets, the recoverable amount of the cash-generating unit was determined based on the higher of fair value less costs of disposal and value in use which is based on discounted cash flow method taking into account a suitable discount rate. Significant change in future tin price and exchange rate of United States Dollar ("USD") against Australian Dollar ("AUD"), among the other things, may result in additional impairment loss or reversal of impairment loss on the mining assets. The Group has property, plant and equipment, right-of-use assets and exploration and evaluation assets of HK$290.9 million, HK$15.2 million and HK$153.4 million respectively as at 31 December 2019. Impairment losses was recognised in respect of the mining related property, plant and equipment and exploration and evaluation assets of HK$3.3 million and HK$1.7 million respectively during the current year. Further details of the impairment assessment on the Group's mining related property, plant and equipment, right-of-use assets and exploration and evaluation assets are outlined in note 15 to the consolidated financial statements.	Our procedures in relation to the impairment assessment on mining related property, plant and equipment, right-of-use assets and exploration and evaluation assets included: • engaging our internal valuation expert to evaluate the appropriateness of the model used by management to determine the recoverable amount of the cash-generating unit; • evaluating the reasonableness of the key assumptions (including the future tin price, the AUD/USD exchange rates and the discount rates) used in the model against external data and historical performance of the cash-generating unit; • checking the input data to supporting documentation; and • considering the sufficiency of the disclosures in respect of impairment assessment included in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

OTHER INFORMATION

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	5	**443,661**	431,969
Cost of sales		**(437,803)**	(417,425)
Gross profit		**5,858**	14,544
Interest income		**570**	392
Administrative expenses		**(43,504)**	(40,783)
Other expenses	7	**(10,038)**	(9,943)
Other gains and losses	8	**22,093**	27,705
Finance costs	9	**(3,902)**	(5,027)
Provision for rehabilitation	30	**(45,553)**	—
(Impairment loss) reversal of impairment loss recognised on property, plant and equipment	15	**(3,274)**	65,147
(Impairment loss) reversal of impairment loss recognised on exploration and evaluation assets	17	**(1,679)**	29,762
(Loss) profit before taxation		**(79,429)**	81,797
Taxation	11	**11,610**	(37,620)
(Loss) profit for the year	12	**(67,819)**	44,177
Other comprehensive expense for the year			
Item that will not be reclassified to profit or loss:			
Exchange difference on translation from functional currency to presentation currency		**(5,743)**	(51,744)
Total comprehensive expense for the year		**(73,562)**	(7,567)
(Loss) profit for the year attributable to:			
Owners of the Company		**(61,589)**	39,345
Non-controlling interests		**(6,230)**	4,832
		(67,819)	44,177
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(67,277)**	(10,785)
Non-controlling interests		**(6,285)**	3,218
		(73,562)	(7,567)
(Loss) earnings per share			
Basic (HK cents)	13	**(0.9)**	0.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	15	**290,910**	373,618
Right-of-use assets	16	**15,231**	—
Exploration and evaluation assets	17	**153,399**	164,974
Deposits	18	**20,172**	15,111
		479,712	553,703
Current assets			
Inventories	19	**43,929**	45,784
Trade receivables	20	**17,866**	24,670
Other receivables, prepayments and deposits		**9,379**	12,046
Equity security at fair value through profit or loss ("FVTPL")	21	**282**	1,015
Tax recoverable		**37,181**	39,273
Bank balances and cash	22	**157,487**	142,137
		266,124	264,925
Current liabilities			
Trade payables	23	**27,203**	31,909
Other payables and accruals	24	**106,679**	104,090
Other borrowing	25	**59,180**	56,580
Lease liabilities/obligations under finance leases	26, 27	**11,130**	14,171
		204,192	206,750
Net current assets		**61,932**	58,175
Total assets less current liabilities		**541,644**	611,878

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2019

	Notes	**2019 HK$'000**	2018 HK$'000
Capital and reserves			
Share capital	28	**34,150**	34,150
Reserves		**398,750**	466,027
Equity attributable to owners of the Company		**432,900**	500,177
Non-controlling interests		**(12,351)**	4,662
Total equity		**420,549**	504,839
Non-current liabilities			
Lease liabilities/obligations under finance leases	26, 27	**1,329**	9,423
Deferred tax liabilities	29	**54,410**	78,442
Provision for rehabilitation	30	**65,356**	19,174
		121,095	107,039
		541,644	611,878

The consolidated financial statements on pages 51 to 117 were approved and authorised for issue by the Board of Directors on 27 March 2020 and are signed on its behalf by:

XIE YUE
DIRECTOR

WANG CHUANHU
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 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	34,150	950,427	(85,619)	7,800	(1,280)	(394,516)	510,962	9,352	520,314
Profit for the year	–	–	–	–	–	39,345	39,345	4,832	44,177
Exchange difference on translation from functional currency to presentation currency	–	–	(50,130)	–	–	–	(50,130)	(1,614)	(51,744)
Total comprehensive (expense) income for the year	–	–	(50,130)	–	–	39,345	(10,785)	3,218	(7,567)
Dividend paid to non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	(7,908)	(7,908)
At 31 December 2018	34,150	950,427	(135,749)	7,800	(1,280)	(355,171)	500,177	4,662	504,839
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(61,589)**	**(61,589)**	**(6,230)**	**(67,819)**
Exchange difference on translation from functional currency to presentation currency	**–**	**–**	**(5,688)**	**–**	**–**	**–**	**(5,688)**	**(55)**	**(5,743)**
Total comprehensive expense for the year	**–**	**–**	**(5,688)**	**–**	**–**	**(61,589)**	**(67,277)**	**(6,285)**	**(73,562)**
Dividend paid to non-controlling shareholder of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(10,728)**	**(10,728)**
At 31 December 2019	**34,150**	**950,427**	**(141,437)**	**7,800**	**(1,280)**	**(416,760)**	**432,900**	**(12,351)**	**420,549**

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	(79,429)	81,797
Adjustments for:		
Interest income	(570)	(392)
Interest expense	3,902	5,027
(Gain) loss on disposal of property, plant and equipment	(142)	1,192
Impairment loss (reversal of impairment loss) recognised on property, plant and equipment	3,274	(65,147)
Impairment loss (reversal of impairment loss) recognised on exploration and evaluation assets	1,679	(29,762)
Depreciation of property, plant and equipment	120,879	142,904
Depreciation of right-of-use assets	17,881	—
Fair value loss on equity security at FVTPL	733	1,805
Adjustment on provision for rehabilitation cost	46,087	235
Unrealised foreign exchange loss	651	5,861
Operating cash flows before movements in working capital	114,945	143,520
Decrease (increase) in inventories	1,325	(15,328)
Decrease in trade receivables	6,514	27,108
Increase in other receivables, prepayments and deposits	(2,123)	(6,712)
Decrease in trade payables	(4,334)	(5,323)
Increase in other payables and accruals	3,721	8,197
Cash generated from operations	120,048	151,462
Australian Company Tax paid	(9,861)	(57,327)
NET CASH FROM OPERATING ACTIVITIES	110,187	94,135
INVESTING ACTIVITIES		
Interest received	570	392
Purchase of property, plant and equipment	(53,236)	(74,229)
Exploration and evaluation expenditure incurred	(13,296)	(14,669)
Proceeds on disposal of property, plant and equipment	272	—
Deposit paid	(582)	—
NET CASH USED IN INVESTING ACTIVITIES	(66,272)	(88,506)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2019

	2019 HK$'000	2018 HK$'000
FINANCING ACTIVITIES		
Interest paid	**(904)**	(1,485)
Repayment of other borrowings	**(120)**	(6,300)
Repayment of lease liabilities/obligations under finance leases	**(15,333)**	(15,329)
Dividends paid to non-controlling shareholder of a subsidiary	**(10,728)**	(7,908)
CASH USED IN FINANCING ACTIVITIES	**(27,085)**	(31,022)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**16,830**	(25,393)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(1,480)**	(22,911)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**142,137**	190,441
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by		
Bank balances and cash	**157,487**	142,137

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL INFORMATION

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 22 January 2008. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The Company acts as an investment holding company and provides corporate management services to its subsidiaries. The major subsidiary of the Company engages in exploration, development and mining of tin and copper bearing ores in Australia through a joint operation with details set out in notes 14 and 41. The principal activities of other subsidiaries are set out in note 41.

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

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

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

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

HKFRS 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 year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

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

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

2.1 HKFRS 16 Leases

The Group has applied Hong Kong Financial Reporting Standard ("HKFRS") 16 for the first time in the current year. HKFRS 16 superseded Hong Kong Accounting Standard ("HKAS") 17 "Leases", and the related interpretations.

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.

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

ii. 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.

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.

The weighted average incremental borrowing rates applied is 8%.

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

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

2.1 HKFRS 16 Leases (Continued)

As a lessee (Continued)

	Note	At 1 January 2019 HK$'000
Operating lease commitments disclosed as at 31 December 2018		1,334
Lease liabilities discounted at relevant incremental borrowing rates		1,290
Less: Practical expedient — leases with lease term ending within 12 months from the date of initial application		(773)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16		517
Add: Obligation under finance leases recognised at 31 December 2018	(a)	23,594
Lease liabilities as at 1 January 2019		24,111
Analysed as		
Current liabilities		14,385
Non-current liabilities		9,726
		24,111

Note:

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

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

2.1 HKFRS 16 Leases (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Note	Right-of-use assets HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		517
Assets previously under finance leases included in property, plant and equipment as at 31 December 2018	(a)	28,900
		29,417

The initial recognition of HKFRS 16 has had no impact on the Group's accumulated losses at 1 January 2019.

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

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

2.1 HKFRS 16 Leases (Continued)

As a lessee (Continued)

The following adjustments were made to the amounts recognised in the 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	—	29,417	29,417
Property, plant and equipment	373,618	(28,900)	344,718
Current liabilities			
Obligations under finance leases	14,171	(14,171)	—
Lease liabilities	—	14,385	14,385
Non-current liabilities			
Obligations under finance leases	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 year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

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

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

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

4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

The Group anticipated that the application of all these new or revised standards to HKFRSs will result in changes in certain accounting policies in the consolidated financial statements but is not expected to have material impact on the Group's financial position and financial performance.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

Interest in joint operation

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

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

Interest in joint venture

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

The results and assets and liabilities of joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest in joint venture (Continued)

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

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Price adjustments in case of provisionally priced sales

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

Changes in fair value of provisionally prices sales

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

Shipping services

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

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

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

Property, plant and equipment

Property, plant and equipment being tangible assets that are held for use in the production or supply of goods, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Properties in the course of construction for production, supply and administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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

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

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its on property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets (if any) may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on property, plant and equipment and right-of-use assets (Continued)

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or the group of cash generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised for the asset (or cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Exploration and evaluation assets

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

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

When the technical feasibility and commercial viability of extracting natural resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as mine properties and developments. These assets are assessed for impairment before reclassification.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluation assets (Continued)

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

- The period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.

- Substantive expenditure on further exploration for and evaluation of natural resources in the specific area is neither budgeted nor planned.

- Exploration for and evaluation of natural resources in the specific area have not led to the discovery of commercially viable quantities of natural resources and the Group has decided to discontinue such activities in the specific area.

- Sufficient data (such as tin prices) exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)

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 or arising from business combinations 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, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of motor vehicles, office and residential premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

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 are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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 are 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 consolidated statement of financial position.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

Lease modifications

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.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified 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.

The Group as a lessee (prior to 1 January 2019)

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

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

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

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

Lease incentives relating to operating leases are considered as integral part of lease payments, the aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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

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

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

Exchange differences relating to the retranslation of the Group's net assets in AUD to the Group's presentation currency (i.e. HK$) are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Retirement benefit costs

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

Short-term and other long-term employee benefits

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

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

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

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

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

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Inventories

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Effective interest method

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

Financial assets

Classification and measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and measurement of financial assets (Continued)

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, deposits and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually.

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

Significant increase in credit risk

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Definition of default

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

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

Credit-impaired financial assets

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

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

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

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

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

Write-off policy

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

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability — weighted amount that is determined with the respective risks of default occurring as the weights.

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

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Measurement and recognition of ECL (Continued)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for rehabilitation cost

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

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

The initial estimate of the rehabilitation provision relating to exploration, development and production facilities is capitalised into the cost of the related asset and depreciated on the same basis as the related asset or recognised in profit or loss if the provision exceeds the carrying amount of the underlying exploration, development and production facilities.

Changes in the estimation of the rehabilitation provision that result from changes in the estimated timing or amount of cash flows, including the effects of revisions to estimated lives of operation or a change in the discount rate, are added to, or deducted from, the cost of the related asset in the period it occurred. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability and does not reflect risks for which future cash flow estimates have been adjusted. If a decrease in liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss. Unwinding of the effect of discounting on the provision is recognised as finance cost.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment assessment of mining related property, plant and equipment, right-of-use assets and exploration and evaluation assets

Determining whether mining-related property, plant and equipment (which mainly includes the mine properties and development, owned properties, construction in progress and machineries for the mine operation), right-of-use assets and exploration and evaluation assets are impaired or reversal of impairment losses requires an estimation of the value in use of the cash-generating units to which these assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units (i.e. estimation of the total proven and probable reserves of the ore mines and future market price of tin concentrate) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are different from expected, an additional impairment loss or reversal of impairment loss may arise.

In view of the continuous decrease (2018: increase) in tin price during the year, the recoverable amount of the cash-generating units of the Renison underground mine is lower (2018: higher) than its carrying value as at 31 December 2019. Accordingly, impairment losses on mining related property, plant and equipment and exploration and evaluation assets of approximately HK$3,274,000 and HK$1,679,000 (2018: reversal of impairment losses of approximately HK$65,147,000 and HK$29,762,000), respectively are recognised in profit or loss for the years ended 31 December 2019.

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

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

Mine properties and developments are depreciated using the unit of production method based on the actual production volume over the estimated total proven and probable reserves of the ore mines.

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

The carrying amounts of the mine properties and developments as at 31 December 2019 and 2018 are disclosed in note 15.

5. REVENUE

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

6. SEGMENT INFORMATION

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

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

Revenue from major product

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

	2019 HK$'000	2018 HK$'000
Sales of tin concentrate	**443,661**	431,969

Geographical information

The Group's Mining Operations are located in Australia.

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

As at 31 December 2019, non-current assets (excluding deposits) of the Group of approximately HK$456,226,000 (2018: HK$537,707,000), HK$473,000 (2018: HK$693,000), HK$2,074,000 (2018: HK$192,000) and HK$767,000 (2018: nil) were located in Australia, the PRC, Hong Kong and Vietnam, respectively.

Information about the sole customer

	2019 HK$'000	2018 HK$'000
Yunnan Tin Australia TDK Resources Pty Limited ("YTATR")*	**443,661**	431,969

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

7. OTHER EXPENSES

The amount comprises legal and professional fees of HK$10,038,000 (2018: HK$9,943,000) for the year ended 31 December 2019.

8. OTHER GAINS AND LOSSES

	2019 HK$'000	2018 HK$'000
Fair value loss of equity security at FVTPL	(733)	(1,805)
Net foreign exchange gain	22,381	30,598
Gain/(loss) on disposal of property, plant and equipment	142	(1,192)
Others	303	104
	22,093	27,705

9. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interests on lease liabilities/obligations under finance leases	904	1,485
Unwinding of discount on provision for rehabilitation (note 30)	278	454
Interest on other borrowing	2,720	3,088
	3,902	5,027

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

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

Directors' and chief executive's emoluments

The emoluments paid or payable to each of the twelve (2018: eleven) directors of the Company were as follows:

	Executive Directors (note (i))						Non-Executive Directors (note (ii))		Independent Non-Executive Directors (note (ii))				
	Li Dong HK$'000	Nie Dong HK$'000 (note (iii))	Cheung Wai Kuen HK$'000 (note (ix))	Wang Chuanhu HK$'000	Sumiya Altantuya HK$'000 (note (x))	Xie Yue HK$'000	Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P HK$'000 (note (v))	Jin Ye HK$'000 (note (x))	Chi Chi Hung Kenneth HK$'000	Chow Wing Chau HK$'000 (note (vi))	Duan Zhida HK$'000 (note (x))	Zeng Jin HK$'000 (note (vii))	Total HK$'000
For the year ended 31 December 2019													
Fees	–	2,495	250	715	–	1,080	–	–	199	199	–	199	5,137
Other emoluments:													
Salaries and allowances	–	2,787	275	–	–	–	–	–	–	–	–	–	3,062
Contributions to retirement benefit scheme	–	195	8	–	–	–	–	–	–	–	–	–	203
Total emoluments	–	5,477	533	715	–	1,080	–	–	199	199	–	199	8,402

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

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

Directors' and chief executive's emoluments (Continued)

Notes:

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

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

(iii) Nie Dong was the Chief Executive Officer of the Company for the years ended 31 December 2019 and 2018 and his emoluments disclosed above include those services rendered by him as Chief Executive Officer.

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

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

(vi) Chow Wing Chau was appointed as independent non-executive director of the Company with effect from 6 November 2018 and resigned as independent non-executive director of the Company with effect from 21 January 2020.

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

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

(ix) Cheung Wai Kuen retired as executive director with effect from 31 May 2019.

(x) Sumiya Altantuya, Jin Ye and Duan Zhida were appointed as executive director, non-executive director and independent non-executive director of the Company, respectively, with effect from 24 December 2019.

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, one (2018: two) were directors of the Company, details of whose emoluments are included above. The emoluments of the remaining four (2018: three) individuals were as follows:

	2019 HK$'000	2018 HK$'000
Salaries and allowances	**9,337**	5,724
Contributions to retirement benefit scheme	**409**	249
	9,746	5,973

The emolument of the remaining four (2018: three) individuals for the year was within the following bands:

	2019 No. of employees	2018 No. of employees
HK$1,000,001 to HK$1,500,000	**—**	—
HK$1,500,001 to HK$2,000,000	**2**	2
HK$2,000,001 to HK$2,500,000	**—**	1
HK$2,500,001 to HK$3,000,000	**1**	—
HK$3,000,001 to HK$3,500,000	**—**	—
HK$3,500,001 to HK$4,000,000	**1**	—

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

11. TAXATION

	2019 HK$'000	2018 HK$'000
The taxation comprises:		
Current tax — Australian Company Tax	**11,497**	13,510
Deferred tax (credit) charge for the year (note 29)	**(23,107)**	24,110
	(11,610)	37,620

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

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

Under Australian tax law, the tax rate used for the year is 30% (2018: 30%) on taxable profits on Australian incorporated entities.

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

	2019 HK$'000	2018 HK$'000
(Loss) profit before taxation	**(79,429)**	81,797
Tax at Australia Profits Tax rate of 30% (2018: 30%)	**(23,828)**	24,539
Tax effect of expenses not deductible for tax purpose	**12,380**	12,965
Tax effect of income not taxable for tax purpose	**(298)**	(30)
Tax effect of tax losses not recognised	**136**	146
Taxation for the year	**(11,610)**	37,620

12. (LOSS) PROFIT FOR THE YEAR

	2019 HK$'000	2018 HK$'000
(Loss) profit for the year has been arrived at after charging:		
Auditor's remuneration	**2,020**	2,000
Cost of inventories recognised as an expense	**437,803**	417,425
Depreciation of property, plant and equipment	**120,879**	142,904
Depreciation of right-of-use assets	**17,881**	N/A*
Operating lease rentals in respect of rented premises	**N/A***	2,555
Short-term lease payments	**1,336**	N/A*
Staff costs (including directors' emoluments (as disclosed in note 10))		
— Salaries and other benefits	**119,206**	112,828
— Contributions to retirement benefit schemes	**8,471**	8,413
	127,677	121,241

* Not applicable

13. (LOSS) EARNINGS PER SHARE

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

	2019 HK$'000	2018 HK$'000
(Loss) profit for the purposes of basic (loss) earnings per share:		
— (Loss) profit for the year attributable to owners of the Company	**(61,589)**	39,345

	2019 Number of shares	2018 Number of shares
Number of ordinary shares for the purpose of basic (loss) earnings per share	**6,830,000,000**	6,830,000,000

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

14. JOINT ARRANGEMENTS

Joint operation

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

14. JOINT ARRANGEMENTS (Continued)

Joint operation (Continued)

YTPAH and Bluestone Mines Tasmaina Pty Ltd. ("BMT"), an independent third party, entered into a joint venture agreement (the "JV Agreement") that an unincorporated joint venture was established by YTPAH and BMT to jointly manage certain mining projects ("JV Projects") located in Tasmania, Australia which comprises of (i) the Renison mine, concentrator and infrastructure, (ii) the Mount Bischoff open cut tin project ("Mount Bischoff") and (iii) the Retails tailing retreatment projects (hereinafter collectively referred to as the "Mining Assets"). According to the JV Agreement, YTPAH and BMT severally owned 50% interests of the Mining Assets. Each of YTPAH and BMT is entitled to 50% of the output from the operation of the Mining Assets and is responsible for 50% of the expenses incurred.

Pursuant to the Parksong S&P Agreement, other than the assets and liabilities relating to the JV Projects, the Vendor is entitled to receive and is obliged to pay cash in respect of the receivables and payables of Parksong and its subsidiaries at the Date of Completion. As such, at the Date of Completion, the Group recognised a net payable to the Vendor, representing the excess of receivables over payables that the Vendor is entitled to receive and the Group is obliged to pay to Vendor in cash, as other payables (see note 24).

The JV Projects are managed by a management committee ("Management Committee") of Bluestone Mines Tasmania Joint Venture Pty Limited ("BMTJV"). Each of YTPAH and BMT is entitled to appoint three representatives to the Management Committee. Under the JV Agreement, certain key decisions on relevant activities, including but not limited to strategic financial and operating policies of those JV Projects, require the unanimous consent from both YTPAH and BMT. Other operational decisions, which are not relevant activities, made by the Management Committee require a simple majority vote. Hence, YTPAH is able to exercise joint control over the JV Projects and the assets and liabilities of the JV Projects which were acquired by the Group are accounted for as joint operation. The Group's share of the assets, liabilities, revenue and expenses in relation to the JV Projects are reflected in the consolidated financial information of YTHK and its subsidiary, YTPAH as disclosed in note 41.

Joint Venture

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

Name of entity	Form of entity	Place of incorporation	Issued and fully paid up share capital	Equity interest and voting power attributable to the Company		Principal activity
				2019	2018	
BMTJV	Incorporated	Australia	AUD2	**50%**	50%	Provision of management services in mining projects of the Group in Australia

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

BMTJV has no asset and liability as at 31 December 2019 and 2018 and its income and expenses incurred during the years ended 31 December 2019 and 2018 were borne by the JV Projects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

15. PROPERTY, PLANT AND EQUIPMENT

	Owned properties HK$'000	Mine properties and developments HK$'000	Leasehold improvement HK$'000	Construction in progress HK$'000	Furniture and fixtures HK$'000	Plant, machinery and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST								
At 1 January 2018	38,325	845,034	5,602	66,957	3,873	232,649	10,915	1,203,355
Exchange adjustments	(3,742)	(85,488)	(31)	(3,145)	–	(25,207)	(901)	(118,514)
Additions	–	23,069	–	51,118	–	871	690	75,748
Disposals	–	–	–	–	–	(1,099)	(325)	(1,424)
Transfer from exploration and evaluation assets (note 17)	–	6,536	–	–	–	–	–	6,536
Transfer upon completion	1,410	50,406	–	(104,265)	–	52,449	–	–
At 31 December 2018	**35,993**	**839,557**	**5,571**	**10,665**	**3,873**	**259,663**	**10,379**	**1,165,701**
Adjustment upon application of HKFRS 16 (note 2)	**–**	**–**	**–**	**–**	**–**	**(65,199)**	**–**	**(65,199)**
At 1 January 2019 (restated)	**35,993**	**839,557**	**5,571**	**10,665**	**3,873**	**194,464**	**10,379**	**1,100,502**
Exchange adjustments	**(415)**	**(9,665)**	**(12)**	**(92)**	**–**	**(2,254)**	**(133)**	**(12,571)**
Additions	**–**	**28,634**	**–**	**23,009**	**–**	**1,427**	**166**	**53,236**
Disposals	**–**	**–**	**–**	**–**	**–**	**(552)**	**(566)**	**(1,118)**
Transfer from exploration and evaluation assets (note 17)	**–**	**21,280**	**–**	**–**	**–**	**–**	**–**	**21,280**
Transfer upon completion	**834**	**2,472**	**–**	**(8,299)**	**–**	**4,143**	**850**	**–**
At 31 December 2019	**36,412**	**882,278**	**5,559**	**25,283**	**3,873**	**197,228**	**10,696**	**1,161,329**
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 January 2018	9,424	628,888	5,602	–	3,873	140,066	5,989	793,842
Exchange adjustments	(994)	(62,955)	(31)	–	–	(14,733)	(571)	(79,284)
Provided for the year	1,632	114,439	–	–	–	24,985	1,848	142,904
Reversal of impairment loss recognised	–	(65,147)	–	–	–	–	–	(65,147)
Eliminated on disposals	–	–	–	–	–	(232)	–	(232)
At 31 December 2018	**10,062**	**615,225**	**5,571**	**–**	**3,873**	**150,086**	**7,266**	**792,083**
Adjustment upon application of HKFRS 16 (note 2)	**–**	**–**	**–**	**–**	**–**	**(36,299)**	**–**	**(36,299)**
At 1 January 2019 (restated)	**10,062**	**615,225**	**5,571**	**–**	**3,873**	**113,787**	**7,266**	**755,784**
Exchange adjustments	**(115)**	**(6,994)**	**(12)**	**–**	**–**	**(1,313)**	**(96)**	**(8,530)**
Provided for the year	**1,712**	**112,720**	**–**	**–**	**–**	**5,216**	**1,231**	**120,879**
Impairment loss recognised	**–**	**3,274**	**–**	**–**	**–**	**–**	**–**	**3,274**
Eliminated on disposals	**–**	**–**	**–**	**–**	**–**	**(431)**	**(557)**	**(988)**
At 31 December 2019	**11,659**	**724,225**	**5,559**	**–**	**3,873**	**117,259**	**7,844**	**870,419**
CARRYING VALUES								
At 31 December 2019	**24,753**	**158,053**	**–**	**25,283**	**–**	**79,969**	**2,852**	**290,910**
At 31 December 2018	25,931	224,332	–	10,665	–	109,577	3,113	373,618

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

Depreciation on mine properties and developments is provided to write off the cost of the mine properties and developments using the unit of production method over the remaining life of the mine. The life of mine is based on the total estimated proven and probable reserves of the ore mines. Effective depreciation rate for the year ended 31 December 2019 is 13.6% (2018: 14.7%).

The Group's management determines the estimated useful lives of approximately 12 years (2018: 10 years) for its mine operation based on the proven and probable reserves. Meanwhile, in November 2017 the Group has renewed the term of the lease to 1 August 2031.

As at 31 December 2018, the carrying values of property, plant and equipment included an aggregate amount of approximately HK$28,900,000 in respect of assets held under finance leases. Such property, plant and equipment had been pledged to secure the finance leases granted. Such assets have been reclassified to right-of-use assets upon the initial application of HKFRS 16.

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment assessment on the cash-generating unit of the Renison underground mine

In view of significant decline in tin price continuously during the current year, which is an impairment indicator on the Group's mine properties and developments and exploration and evaluation assets, the Group performed an impairment assessment on these assets as at 31 December 2019.

For the purposes of impairment assessment, mining-related property, plant and equipment (which mainly include the mine properties and developments, owned properties, construction in progress, machineries for the mine operation), right-of-use assets 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 AUD82,000,000 (equivalent to approximately HK$447,171,000) as at 31 December 2019 (2018: approximately AUD95,356,000 (equivalent to approximately HK$526,079,000) was determined based on the higher of fair value less costs of disposal and value in use. The Group's management applied discounted cash flow method to assess the recoverable amount of the CGU of the Mining Operation. The discounted cash flow method was based on a discount rate of 17.3% (2018: 17.3%) or a pre-tax discount rate of 24.4% (2018: 24.6%) and cash flow projection prepared from financial forecasts approved by the directors of the Company covering the expected mine life period until the mine resources run out based on proved and probable reserves and applied a probability on the indicated resources. The discount rate was estimated by using the capital asset pricing model, with reference to the risk free rate, which represents the 10-year Australia government bond yield, at 1.37% (2018: 2.32%). The aggregate amount of reserve and resources used in the projection is 8.01 million tonnes and it is assumed the mineral reserve is mined over approximately 12 years at a rate of up to 0.7 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 1:0.704 to 1:0.718 (2018: 1:0.697 to 1:0.713), future price of tin of USD18,000 (2018: USD20,280) per tonne, which is benchmarked to analyst consensus forecast, and production rate of 1.54 % (2018: 1.39%) per tonne.

As at 31 December 2019, in view of the continuous decrease (2018: increase) in the tin price, the recoverable amount of the CGU of the Mining Operation is lower (2018: higher) than its carrying value by HK$4,953,000 (2018: HK$94,909,000). Accordingly, impairment losses (2018: 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$3,274,000 and HK$1,679,000 (2018: HK$65,147,000 and HK$29,762,000) respectively, which are allocated on a pro-rata basis based on the respective carrying value of mine properties and developments and exploration and evaluation assets, are recognised in profit or loss for the year ended 31 December 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

16. RIGHT-OF-USE ASSETS

	Leased properties HK$'000	Machinery HK$'000	Total HK$'000
As at 1 January 2019			
Carrying amount	517	28,900	29,417
As at 31 December 2019			
Carrying amount	3,066	12,165	15,231
For the year ended 31 December 2019			
Depreciation charge	1,493	16,388	17,881
Expense relating to short-term lease and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16			1,336
Total cash outflow for leases			17,573

For both years, the Group leases various motor vehicles, properties, machinery and equipment for its operations. Lease contracts are entered into for fixed term of one to four years. Certain leases of equipment were accounted for as finance leases and were pledged during the year ended 31 December 2018 and carried interest ranged from 3.4% to 5.4%. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office and residential premises. As at 31 December 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 12.

As at 31 December 2019, machinery with carrying values of HK$12,165,000 (2018: HK$28,900,000) was pledged to secure the finance leases granted. Details of pledged assets as at 31 December 2018 are set out in note 15.

17. EXPLORATION AND EVALUATION ASSETS

	HK$'000
CARRYING AMOUNT	
At 1 January 2018	142,934
Additions	14,669
Transfer to property, plant and equipment (note 15)	(6,536)
Reversal of impairment loss recognised	29,762
Exchange adjustment	(15,855)
At 31 December 2018	**164,974**
Additions	**13,296**
Transfer to property, plant and equipment (note 15)	**(21,280)**
Impairment loss recognised	**(1,679)**
Exchange adjustment	**(1,912)**
At 31 December 2019	**153,399**

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

18. DEPOSITS

Deposits with the carrying amount of HK$20,172,000 (2018: HK$15,111,000) as at 31 December 2019 represent deposits paid by the Group to the Mineral and Resources Department of Tasmania as a deposit for operating in the mining industry in Tasmania, Australia. The deposits are refundable upon the cessation of mining activities or closure of mines and the environmental rehabilitation work of relevant mines meets government's requirements.

19. INVENTORIES

	2019 HK$'000	2018 HK$'000
Tin concentrates	**15,722**	12,658
Ore stocks	**8,032**	14,964
Work-in-progress	**649**	985
Spare parts	**19,182**	16,615
Others	**344**	562
	43,929	45,784

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

20. TRADE RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables	**17,866**	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 goods is transferred to customer) and issue of provisional invoices. For the remaining 15%, the Group allows a credit period of 10 working days after the issue of final invoice, which is derived based on the mutual agreement on grade and weights of tin or copper concentrates with the customer and the adjustments on the final sales prices based on the market price of tin. It normally takes around 1 to 2 months after delivery of goods for the issue of final invoice. The following is an ageing analysis of trade receivables presented based on final invoice date at the end of the reporting period.

	2019 HK$'000	2018 HK$'000
0–30 days	**17,866**	24,670

As at 31 December 2019, the Group did not hold any collateral or other credit enhancements to cover its credit risks associated with the trade receivables classified as financial assets at FVTPL. Accordingly, its carrying amount of HK$17,866,000 (2018: HK$24,670,000) represents the maximum exposure to credit risk at 31 December 2019.

As at 31 December 2019 and 2018, the carrying amounts of the Group's trade receivables were all denominated in USD, currency other than the functional currency of the respective group entity.

Details of fair value measurement are set out in note 31(c).

21. EQUITY SECURITY AT FVTPL

	2019 HK$'000	2018 HK$'000
Equity security listed in Hong Kong	**282**	1,015

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

22. BANK BALANCES AND CASH

Bank balances comprise bank deposits held by the Group with an original maturity of three months or less. The bank balances carried effective interest rates ranging from 0.1% to 0.3% (2018: 0.1% to 0.3%) per annum.

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

	2019 HK$'000	2018 HK$'000
USD	**126,311**	64,294
HK$	**4,158**	3,184
Renminbi ("RMB")	**78**	63
Vietnamese Dong ("VND")	**9**	—

23. TRADE PAYABLES

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

	2019 HK$'000	2018 HK$'000
0–30 days	**27,203**	21,681
31–60 days	**—**	10,228
Total	**27,203**	31,909

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

24. OTHER PAYABLES AND ACCRUALS

	2019 HK$'000	2018 HK$'000
Current:		
Net payables to the Vendor (Note)	**67,353**	68,140
Other payables and accruals	**39,326**	35,950
	106,679	104,090

Note: As detailed in note 14, the amount arose from the acquisition of Parksong represented the net payables to the Vendor based on the financial information of Parksong and its subsidiaries other than the joint operations as at Date of Completion. The amount should be settled in net by cash. Details of dispute with the Vendor on these payables are also disclosed in note 35. GPL and Parksong are wholly-owned subsidiaries of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

25. 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 former shareholder of the Company, and it is interest-bearing at a fixed rate of 8% per annum. The other borrowing was originally with a maturity date on 31 March 2019. On 19 February 2019, the Company, Cybernaut and the Guarantor agreed to further extend the maturity date of the other borrowing to 31 March 2020 with fixed interest rate of 8% per annum.

As at 31 December 2019, the carrying amount of the other borrowing was HK$59,180,000 (31 December 2018: HK$56,580,000), which included accrued interest payable of HK$25,201,000 (31 December 2018: HK$22,481,000).

26. LEASE LIABILITIES

	2019 HK$'000
Lease liabilities payable:	
Within one year	**11,130**
More than one year but not more than two years	**1,298**
More than two year but not more than five years	**31**
	12,459
Less: Amount due for settlement with 12 months shown under current liabilities	**(11,130)**
Amount due for settlement after 12 months shown under non-current liabilities	**1,329**

27. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments 2018 HK$'000	**Present value minimum lease payments** 2018 HK$'000
Obligations under finance leases payable:		
Within one year	14,798	14,171
More than one year but not more than two years	9,597	9,423
	24,395	23,594
Less: Future finance charges	(801)	N/A
Present value of lease obligations	23,594	23,594
Less: Amount due for settlement within 12 months shown under current liabilities		(14,171)
Amount due for settlement after 12 months shown under non-current liabilities		9,423

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

28. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.005 each		
Authorised:		
At 1 January 2018, 31 December 2018 and 2019	20,000,000,000	100,000
Issued and fully paid:		
At 1 January 2018, 31 December 2018 and 2019	6,830,000,000	34,150

There was no movement in the Company's share capital during both years.

29. DEFERRED TAXATION

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

	Provisions and accrued charges HK$'000	Fair value adjustment on mine properties and developments and exploration and evaluation assets HK$'000	Total HK$'000
At 1 January 2018	11,157	(74,974)	(63,817)
Charge to profit or loss (note 11)	(1,054)	(23,056)	(24,110)
Exchange adjustment	(1,004)	10,489	9,485
At 31 December 2018	**9,099**	**(87,541)**	**(78,442)**
Credit to profit or loss (note 11)	**15,306**	**7,801**	**23,107**
Exchange adjustment	**(115)**	**1,040**	**925**
At 31 December 2019	**24,290**	**(78,700)**	**(54,410)**

As at 31 December 2019, the Group had estimated unused tax losses of approximately HK$4,652,000 (2018: HK$5,818,000) available for offset against future profits. No deferred tax asset had been recognised in respect of such tax losses of due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$4,633,000 (2018: HK$5,799,000) that will expire in 5 years since such losses were incurred. Other tax losses may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

30. PROVISION FOR REHABILITATION

	HK$'000
At 1 January 2019	**19,174**
Additional provision for revised closure plan of Mount Bischoff	**45,553**
Addition	**534**
Net amount of unwinding of discount and adjustments on provision credit to profit or loss (note 9)	**278**
Exchange adjustment	**(183)**
At 31 December 2019	**65,356**

The provision for rehabilitation represents the estimated cost of decommission and rehabilitation of mines and processing sites of the mining projects of the joint operation to be carried out at the end of their producing lives. As at 31 December 2019, the discount rate used in determination the provision for rehabilitation is 1.28% (2018: 2.47%) per annum.

The provision for rehabilitation cost has been estimated by the management based on current regulatory requirements and is discounted to present value. However, significant changes in the regulatory requirements, timing of performance of reclamation activities or discount rate will result in changes to the amount of provision from period to period.

During the year ended 31 December 2019, there were discussions with external consultants and regulatory authorities relating to the closure plans of Mount Bischoff. As a result, an additional provision for rehabilitation of HK$45,553,000 arose from the revised closure plan of Mount Bischoff. Since the management considers there is no future economic benefit from the operation of Mount Bischoff, the additional provision made in relation to the revised closure plan is charged to the consolidated statement of profit or loss and other comprehensive income. The additional provision for rehabilitation mainly included the preliminarily estimated total costs for implementing the revised closure plan.

The Group expected that the majority of the additional provision arising from the revised closure plan of Mount Bischoff will be utilised in three years from the approval of the revised closure plan by the relevant regulatory or governmental authorities in Australia, which is expected to be at the earliest around mid-2020.

31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets		
Financial assets at amortised cost	**182,532**	165,689
Equity security at FVTPL	**282**	1,015
Trade receivables at FVTPL	**17,866**	24,670
Financial liabilities		
Amortised cost	**161,597**	165,905

31. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables and deposits, equity security at FVTPL, bank balances and cash, trade payables, other payables and accruals and other borrowing. Details of these financial instruments are disclosed in respective notes. The risk associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure to financial risks or the manner in which it manages and measures the risks for both years. Details of the change in exposure to respective risks are disclosed below.

Market risk

Currency risk

Several subsidiaries of the Company have bank balances, trade receivables, other payables and accruals, other receivables and deposits, other borrowing, sales and purchases denominated in foreign currencies which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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

	Assets		**Liabilities**	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
USD	**144,177**	88,964	**—**	—
RMB	**510**	745	**232**	—
HK$	**6,627**	4,690	**64,129**	59,588
VND	**9**	—	**—**	—

Sensitivity analysis

The following table details the Group's sensitivity to a 10% (2018: 10%) increase and decrease in the functional currency of each group entity against the relevant foreign currencies and other variables were held constant. 10% (2018: 10%) is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items which are denominated in relevant foreign currencies of respective group entities and adjusts its translation at the end of the reporting period for a 10% (2018: 10%) change in the relevant foreign currencies exchange rates. A positive number below indicates a decrease in post-tax loss for the year (2018: an increase in post-tax profit for the year) where the relevant foreign currencies strengthen 10% (2018: 10%) against the functional currency of each group entity. For a 10% (2018: 10%) weakening of the relevant foreign currencies against the functional currencies of each group entity there would be an equal and opposite impact on the results for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

31. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis (Continued)

Decrease (increase) in post-tax loss (2018: Increase (decrease) in post-tax profit) for the year

	2019 HK$'000	2018 HK$'000
USD impact	**10,092**	6,228
RMB impact	**19**	52
HK$ impact	**(4,025)**	(3,843)
VND impact	**1**	—

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

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate other borrowing, obligations under finance leases and lease liabilities as at 31 December 2019 and 2018 (see notes 25, 27 and 26 for details).

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances for both years (see note 22 for details). In view that the interest rate movement is insignificant during the year, the directors of the Company considered that the Group's exposure to interest rate risk is minimal. Accordingly, no sensitivity analysis is presented.

Other price risk

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

Sensitivity analysis

The sensitivity analyses on equity security at FVTPL has been determined based on the exposure to equity price risks at the reporting date. For sensitivity analysis purpose, the sensitivity rate considers at 30% in both years. If the prices of the respective equity instrument had been 30% (2018: 30%) higher/lower and all other variables were held constant, the Group's post-tax loss (2018: post-tax profit) for the year would decrease/increase (2018: increase/decrease) approximately by HK$85,000 (2018: HK$305,000) as a result of the changes in fair value of equity security at FVTPL.

Credit risk and impairment assessment

As at 31 December 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets measured at amortised cost as stated in the consolidated statement of financial position.

31. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment (Continued)

In order to minimise the credit risk, the management of the Group is responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the expected credit losses of each individual debt at the end of the reporting period.

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

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

Liquidity risk

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities and lease liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. The undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

	Weighted average effective interest rate %	On demand or less than 3 months HK$'000	3 months to 1 year HK$'000	Between 1 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at the end of the reporting period HK$'000
31 December 2019						
Trade payables	–	27,203	–	–	27,203	27,203
Other payables and accruals	–	75,214	–	–	75,214	75,214
Lease liabilities	5.3	3,528	7,980	1,410	12,918	12,459
Other borrowing	8.0	59,858	–	–	59,858	59,180
		165,803	7,980	1,410	175,193	174,056

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

31. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

Liquidity tables (Continued)

	Weighted average effective interest rate %	On demand or less than 3 months HK$'000	3 months to 1 year HK$'000	Between 1 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at the end of the reporting period HK$'000
31 December 2018						
Trade payables	—	31,909	—	—	31,909	31,909
Other payables and accruals	—	77,416	—	—	77,416	77,416
Obligations under finance leases	4.4	4,968	9,830	9,597	24,395	23,594
Other borrowing (Note)	8.0	57,253	—	—	57,253	56,580
		171,546	9,830	9,597	190,973	189,499

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

(c) Fair value measurements of financial instruments

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

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

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

31. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

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

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

Financial assets	Fair value		Fair value hierarchy	Valuation technique and key input(s)
	2019	2018		
	HK$'000	HK$'000		
Equity security at FVTPL (note 21)	**282**	1,015	Level 1	Quoted bid price in an active market
Trade receivables (note 20)	**17,866**	24,670	Level 2	Derived from the quoted forward tin price

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

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

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

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

32. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes other borrowing disclosed in note 25 and lease liabilities disclosed in note 26, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves. The management of the Group reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the raising of new debts or the repayment of existing debts.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

33. OPERATING LEASES

The Group as lessee

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

	2018 HK$'000
Within one year	1,014
More than one year but not more than five years	320
	1,334

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

34. CAPITAL AND OTHER COMMITMENTS

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

	2019 **HK$'000**	2018 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of property, plant and equipment of JV Projects	**14,532**	340
Commitments on mineral tenement	**14,341**	15,681

As at 31 December 2019 and 2018, YTPAH has provided a guarantee and indemnity to a lessor relating to the Group's obligations under finance leases. This guarantee and indemnity is given to a finance lessor jointly and severally with BMT.

35. LITIGATION

HCA1357/2011

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

On 11 August 2011, the Company and GPL were named as defendants in a writ of summons with a statement of claim by the Vendor claiming for, inter alia, a sum of AUD15,143,422.44 (equivalent to approximately HK$82,582,000), representing all receivables of Parksong and its subsidiaries other than the assets of the JV Projects at the Date of Completion (the "Claim"). According to the Parksong S&P Agreement, other than the assets and liabilities relating to the JV Projects, the Vendor is entitled to receive and is obliged to pay cash in respect of the receivables and payables of Parksong and its subsidiaries. As such, at the Date of Completion ("Completion Date"), the Group recognised a net payable to the Vendor, representing the excess of receivables over payables that the Group is obliged to pay to Vendor in cash, as other payables. The Company and GPL disagreed with the claim amount made by the Vendor in the Claim because the Group's management considered the Vendor has breached certain conditions in the Parksong S&P Agreement and, accordingly, the Company and GPL made a counterclaim of AUD25,853,847 and USD2,059,897 (equivalent to approximately HK$157,032,000 in aggregate) against the Vendor on 11 October 2011 (the "Counterclaim") and as amended on 23 May 2012 and re-amended on 31 August 2016 ("Re-AD&C") with an additional claim on AUD476,393 (equivalent to approximately HK$2,598,000) and further re-amended on 29 June 2018. The Vendor, the Company and GPL had attended mediation in relation to the disputes regarding the Claim and the Counterclaim (the "Mediation") on 16 August 2012. However, no settlement had been reached in the Mediation. Thereafter, the Vendor, the Company and GPL have exchanged their respective witness statements and further documents.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

35. LITIGATION (Continued)

HCA1357/2011 (Continued)

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

GPL has also reviewed the issue on production shortfall. Pursuant to Parksong S&P Agreement, the Vendor has given a production guarantee of 6,500 tonnes of contained tin in concentrate for each of the three anniversaries after the Date of Completion. The actual confirmed production of contained tin in concentrate for the first, second and third anniversaries were 4,979, 6,159 and 6,013 tonnes respectively, resulting in respective shortfalls of 1,521, 341 and 487 tonnes ("Production Shortfalls"). GPL's claims on compensation for Production Shortfalls are in sum of AUD3,284,201, AUD650,205 and AUD1,021,181 respectively (equivalent to approximately HK$27,024,000 in aggregate).

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

Pending the outcome of the Claim and the Counterclaim, as at 31 December 2019 and 2018, the Group accrued for the net payables to the Vendor pursuant to the Parksong S&P Agreement since the Date of Completion. Details of such net payables to the Vendor of AUD12,351,000 equivalent to approximately HK$67,353,000 (2018: AUD12,351,000 equivalent to approximately HK$68,140,000) are disclosed in note 24.

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.

On 10 April 2019, orders were given by the Court that expert evidences have to be prepared. A further directions hearing on expert evidence shall be fixed after the parties have completed their respective expert evidences. Also, HCA 3132 Action and HCA 492 Action be stayed pending the determination of all the disputes in HCA 1357 Action.

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

HCA 3132/2016

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

35. LITIGATION (Continued)

HCA 492/2017

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

36. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund ("MPF") Scheme under rules and regulations of MPF Schemes Ordinance for all qualifying employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as at 31 December 2019 and 2018.

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

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

The employees in Vietnam are currently participate in State Social Insurance Fund which is a defined contribution pension scheme operated by the local municipal government. The calculation of contributions is based on certain percentage of employee's payroll. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

During the year ended 31 December 2019, the Group's share of total contributions to the retirement benefit schemes is approximately HK$8,471,000 (2018: HK$8,413,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities/ obligation under finance leases (Notes 26 & 27) HK$'000	Other borrowing (Note 25) HK$'000	Dividend payable HK$'000	Total HK$'000
At 1 January 2018	42,046	59,793	—	101,839
Financing cash flows	(16,814)	(6,300)	(7,908)	(31,022)
Unrealised foreign exchange gain	—	(5,866)	—	(5,866)
Foreign exchange translation	(3,123)	5,865	—	2,742
Dividend declared to non-controlling shareholder of a subsidiary	—	—	7,908	7,908
Interest expenses	1,485	3,088	—	4,573
At 31 December 2018	23,594	56,580	—	80,174
Adjustment upon application of HKFRS 16 (note 2)	517	—	—	517
As at 1 January 2019 (restated)	**24,111**	**56,580**	**—**	**80,691**
Financing cash flows	**(16,237)**	**(120)**	**(10,728)**	**(27,085)**
Unrealised foreign exchange gain	**—**	**(651)**	**—**	**(651)**
Foreign exchange translation	**(363)**	**651**	**—**	**288**
New leases entered	**4,044**	**—**	**—**	**4,044**
Dividend declared to non-controlling shareholder of a subsidiary	**—**	**—**	**10,728**	**10,728**
Interest expenses	**904**	**2,720**	**—**	**3,624**
At 31 December 2019	**12,459**	**59,180**	**—**	**71,639**

38. RELATED PARTY TRANSACTIONS

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

	For the year ended 31 December	
	2019	2018
	HK$'000	HK$'000
Sales of tin concentrate to YTATR (notes a & b)	**443,661**	431,969
Interest expense on other borrowing from Cybernaut	**2,720**	3,088

	As at 31 December	
	2019	2018
	HK$'000	HK$'000
Amount due from YTATR included in trade receivables (note c)	**17,866**	24,670
Other borrowing from Cybernaut (note c)	**59,180**	56,580

Notes:

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

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

(ii) the treatment charge per dry metric ton;

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

(iv) penalty for impurity.

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

(c) Details of trade receivables and other borrowing with related parties are set out in notes 20 and 25 respectively.

Compensation of key management personnel

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

	2019	2018
	HK$'000	HK$'000
Short-term benefits	**11,856**	10,471
Contributions to retirement benefit scheme	**385**	72
	12,241	10,543

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

39. SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

	2019 HK$'000	2018 HK$'000
Non-current assets		
Investments in subsidiaries	**169,269**	170,843
Amounts due from subsidiaries	**187,105**	185,850
	356,374	356,693
Current assets		
Other receivables and payables	**1,655**	745
Bank balances	**24,492**	10,237
	26,147	10,982
Current liabilities		
Other payables and accruals	**2,568**	2,769
Other borrowing	**59,180**	56,580
Amounts due to subsidiaries	**28,809**	—
	90,557	59,349
Net current liabilities	**(64,410)**	(48,367)
Net assets	**291,964**	308,326
Capital and reserves		
Share capital (see note 28)	**34,150**	34,150
Reserves	**257,814**	274,176
Total equity	**291,964**	308,326

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

Movements of share capital and reserves of the Company

	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2018	34,150	950,427	(143,938)	(492,928)	347,711
Loss for the year	—	—	—	(18,588)	(18,588)
Exchange difference arising on translation of presentation currency	—	—	(20,797)	—	(20,797)
Total comprehensive expense for the year	—	—	(20,797)	(18,588)	(39,385)
At 31 December 2018	34,150	950,427	(164,735)	(511,516)	308,326
Loss for the year	**—**	**—**	**—**	**(14,390)**	**(14,390)**
Exchange difference arising on translation of presentation currency	**—**	**—**	**(1,972)**	**—**	**(1,972)**
Total comprehensive expense for the year	**—**	**—**	**(1,972)**	**(14,390)**	**(16,362)**
At 31 December 2019	**34,150**	**950,427**	**(166,707)**	**(525,906)**	**291,964**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries as at 31 December 2019 and 2018 are as follows:

Name of the subsidiary	Place of incorporation and establishment/ operation	Issued and fully paid share capital/ registered capital		Proportion of ownership interest held by the Company				Principal activities
				Directly		Indirectly		
		2019	2018	2019	2018	2019	2018	
Alpha Allied Investments Limited	Hong Kong	**HK$1**	HK$1	**100%**	100%	**–**	–	Investment holding
Ever Success Global Holdings Limited	The British Virgin Islands (the "BVI")/ Hong Kong	**USD100**	USD100	**100%**	100%	**–**	–	Inactive
GPL	The BVI/Hong Kong	**USD100**	USD100	**100%**	100%	**–**	–	Investment holding
Greentech Technology International Development Limited	Hong Kong	**HK$10,000**	HK$10,000	**100%**	100%	**–**	–	Investment holding
Ocean Cedar International Asset Management Company Limited	The BVI/Hong Kong	**USD50,000**	N/A	**100% (note b)**	N/A	**–**	N/A	Inactive
Greentech Technology International Enterprises Limited (formerly known as "L'sea Biological Resources Hong Kong Company Limited")	Hong Kong	**HK$3,369,750**	HK$100	**–**	–	**100%**	100%	Investment holding
Cong Ty Tnhh Greentech Technology International	Vietnam	**USD300,000**	N/A	**–**	N/A	**100% (note b)**	N/A	Inactive
萬嘉世紀貿易(深圳)有限公司 (note a)	The PRC	**HK$50,000,000**	HK$50,000,000	**–**	–	**100%**	100%	Inactive
Ocean Cedar Asset Management Company Limited	Hong Kong	**HK$100,000**	N/A	**–**	N/A	**100% (note b)**	N/A	Inactive
Oriental Star International Pty Ltd	Australia	**AUD1**	AUD1	**–**	–	**100%**	100%	Inactive
Parksong	Hong Kong	**HK$10,000**	HK$10,000	**–**	–	**100%**	100%	Investment holding
Rise Champ International Mining Supply Chain (Hong Kong) Company Limited (formerly known as "Rise Champ Corporation Limited")	Hong Kong	**HK$1**	HK$1	**–**	–	**100%**	100%	Inactive
Wise Up Investment Limited	Hong Kong	**HK$1,000**	HK$1,000	**–**	–	**100%**	100%	Investment holding
YTHK	Hong Kong	**HK$10,000**	HK$10,000	**–**	–	**82%**	82%	Investment holding
YTPAH	Australia	**AUD1**	AUD1	**–**	–	**82%**	82%	Exploration, development and mining of tin and copper bearing ores in Australia
綠科科技(廣州)有限責任公司 (note a)	The PRC	**RMB10,000,000**	RMB10,000,000	**–**	–	**100%**	100%	Inactive
綠科共創科技(北京)有限公司 (note a)	The PRC	**USD10,000,000**	USD10,000,000	**–**	–	**100%**	100%	Inactive
綠科共創科技(深圳)有限公司 (note a)	The PRC	**USD10,000,000**	USD10,000,000	**–**	–	**100%**	100%	Inactive

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Notes:

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

(b) These companies were set up during the year ended 31 December 2019.

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

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

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests As at 31 December		(Loss) profit for the year allocated to non-controlling interests For the year ended 31 December		Accumulated non-controlling interests As at 31 December	
		2019	2018	**2019**	2018	**2019**	2018
				HK$'000	HK$'000	**HK$'000**	HK$'000
YTHK and its subsidiary (YTPAH)	Hong Kong/ Australia	**18%**	18%	**(6,230)**	4,832	**(12,351)**	4,662

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

Summarised financial information for the years ended 31 December 2019 and 2018 in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

YTHK and its subsidiary (YTPAH)

	As at 31 December	
	2019 **HK$'000**	2018 HK$'000
Non-current assets	**475,916**	552,623
Current assets	**230,913**	243,977
Total assets	**706,829**	796,600
Non-current liabilities	**(120,248)**	(107,039)
Current liabilities	**(655,196)**	(663,657)
Total liabilities	**(775,444)**	(770,696)
Net (liabilities) assets	**(68,615)**	25,904

	For the year ended 31 December	
	2019 **HK$'000**	2018 HK$'000
Revenue	**443,661**	431,969
Expenses	**(473,318)**	(500,032)
(Impairment loss) reversal of impairment loss recognised on non-current assets	**(4,953)**	94,909
(Loss) profit for the year	**(34,610)**	26,846
Other comprehensive expense for the year	**(313)**	(8,906)
Total comprehensive (expense) income for the year	**(34,923)**	17,940
(Loss) profit for the year attributable to		
— owners of the Company	**(28,380)**	22,014
— non-controlling interests of YTHK	**(6,230)**	4,832
(Loss) profit for the year	**(34,610)**	26,846

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

YTHK and its subsidiary (YTPAH) (Continued)

	For the year ended 31 December	
	2019	2018
	HK$'000	HK$'000
Other comprehensive expense for the year attributable to		
— owners of the Company	**(258)**	(7,292)
— non-controlling interests of YTHK	**(55)**	(1,614)
Other comprehensive expense for the year	**(313)**	(8,906)
Total comprehensive (expense) income for the year attributable to		
— owners of the Company	**(28,638)**	14,722
— non-controlling interests of YTHK	**(6,285)**	3,218
Total comprehensive (expense) income for the year	**(34,923)**	17,940
Dividends paid to		
— owners of the Company	**48,868**	36,025
— non-controlling interests of YTHK	**10,728**	7,908
	59,596	43,933
Net cash inflow from operating activities	**142,165**	99,572
Net cash outflow from investing activities	**(66,035)**	(88,501)
Net cash outflow from financing activities	**(74,220)**	(60,747)
Net cash inflow (outflow)	**1,910**	(49,676)

42. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2019 nor has any dividend been proposed by the directors of the Company since the end of the reporting period (2018: nil).

43. EVENT AFTER THE REPORTING DATE

The outbreak of COVID-19, has adversely impacted global economic activities and commodity prices in the period subsequent to the reporting date. This outbreak is not having any significant impact on the Renison underground mine with regards to the tin concentrate production or shipping. Nonetheless, the decline in tin price can reasonably be expected to have an impact on the Group's future financial performance as well as the recoverable amount of the Renison underground mine. As the situation remains fluid as at the date these consolidated financial statements are authorised for issue, the directors of the Company considered that the financial effect of the COVID-19 on the Group's consolidated financial statements cannot be reasonably estimated. The directors of the Company will continue to monitor the situation closely.

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December				
	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000 (Note 2)	**2019** **HK$'000** **(Note 1)**
Revenue	344,497	377,628	428,938	431,969	**443,661**
(Loss)/profit attributable to owners of the Company	(144,343)	84,119	25,402	39,345	**(61,589)**

ASSETS AND LIABILITIES

	As at 31 December				
	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000 (Note 2)	**2019** **HK$'000** **(Note 1)**
Total assets	520,843	721,878	858,899	818,628	**745,836**
Total liabilities	(313,762)	(411,596)	(338,585)	(313,789)	**(325,287)**
Total equity	207,081	310,282	520,314	504,839	**420,549**

Notes:

1. In 2019, the Group has applied HKFRS 16. Accordingly, certain comparative information for the years ended 31 December 2015, 2016, 2017 and 2018 may not be comparable to the year ended 31 December 2019 as such comparative information was prepared under HKAS 17.

2. In 2018, the Group has applied HKFRS 9. Accordingly, certain comparative information for the years ended 31 December 2015, 2016 and 2017 may not be comparable to the years ended 31 December 2018 and 2019 as such comparative information was prepared under HKAS 39.