綠科科技
Greentech

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

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

INTERIM REPORT
2020

Contents

Corporate Information

Board of Directors

Executive Directors

Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P
(Mr. HSU Jing-Sheng as his alternate)
(Chairman) (re-designated as an Executive Director on 14 April 2020)
Ms. XIE Yue *(Co-Chief Executive Officer)*
Mr. HSU Jing-Sheng
(Co-Chief Executive Officer)
(appointed on 14 April 2020)
Mr. LI Dong (retired on 27 August 2020)
Mr. WANG Chuanhu
Mr. SIM Tze Jye
(appointed on 14 April 2020)
Mr. NIE Dong (resigned on 14 April 2020)
Ms. SUMIYA Altantuya
(resigned on 17 July 2020)

Non-executive Directors

Mr. LI Zheng (appointed on 14 April 2020 and resigned on 17 July 2020)
Mr. JIN Ye (resigned on 17 July 2020)

Independent Non-executive Directors

Datin Sri LIM Mooi Lang
(appointed on 14 April 2020)
Mr. KIM Wooryang
(appointed on 14 April 2020)
Ms. PENG Wenting
(appointed on 14 April 2020)
Mr. CHI Chi Hung, Kenneth
(resigned on 14 April 2020)
Mr. ZENG Jin (resigned on 17 July 2020)
Mr. CHOW Wing Chau
(resigned on 21 January 2020)
Mr. DUAN Zhida
(resigned on 17 July 2020)

Company Secretary

Mr. LAM Hang Boris

Authorised Representatives

Ms. XIE Yue
(appointed on 14 April 2020)
Mr. LAM Hang Boris
Mr. NIE Dong
(resigned on 14 April 2020)

Principal Bankers

Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
Hong Kong

Registered Office

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

Principal Place Of Business In Hong Kong

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

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Stock Code

00195

Company Website

www.green-technology.com.hk

Management Discussion and Analysis

Market Review

In the first half of 2020, due to the Coronavirus Disease 2019 ("COVID-19") pandemic, global production, consumption and logistics were hit hard. Under the "Great Lockdown", global economic recession was triggered. Market sentiment was depressed, while geopolitical and trade tensions dampened economic recovery. Despite the agreement between China and the United States to cut tariffs on approximately United States dollars ("USD") 75 billion worth of US imports at the beginning of the year, the commodity market still performed below expectations.

On the supply side, hindered by the COVID-19 pandemic, the leading tin concentrate producers such as China, Indonesia, Peru and Myanmar encountered stricter import and export controls, mine closures, supply chains suspensions and other predicaments. Besides, deteriorating global economy and declined tin price led to production cuts, resulting in a drop in overall output of tin in the first half of the year. On the demand side, the downstream products of tin sector, which are mainly solder and other electronic products, witnessed certain adverse impact on their export brought by the pandemic. Fortunately, demand began to pick up slowly amid the receding of pandemic outbreak. From January to May 2020, China's total tin concentrate imports were 7,697 tonnes, indicating a ten-time year-on-year increase, among which, the import volume of tin concentrate in May surged by approximately 1,762% year-on-year, representing an eight-year high. According to International Tin Association, the tin price in China significantly surpassed that of the London Metal Exchange ("LME"), so importing tin concentrate into China yielded a high profit.

According to the LME, tin price fluctuated during the period. Tin price rose to its high in the first half of 2020 at USD18,305 per metric ton before plummeting to the lowest point in the same period at USD13,375 per metric ton in March, marking its lowest level in the first half of 2020. Although the tin price gradually increased between April and June, it did not offset the decline in the first quarter. For the six months ended June 30, 2020, the average tin price was USD16,040 per metric ton (30 June 2019: USD20,431 per metric ton), representing a decrease of approximately 21.5% year-on-year.

Business Review

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

Total production volume of tin metal in the Renison underground mine during the first half of 2020 was 3,473 tonnes (first half of 2019: 3,710 tonnes), representing a year-on-year decrease of approximately 6.4%. YT Parksong Australia Holding Pty Limited ("YTPAH"), an indirect non-wholly owned subsidiary of the Group, holds 50% interest in the Renison underground mine, was entitled to 1,737 tonnes of tin metal (first half of 2019: 1,855 tonnes) available for sale.

Business Review (Continued)

For the six months ended 30 June 2020, the Group witnessed a 29.0% decrease in its revenue to HK$179,575,000 and the gross loss of the Group for the period was HK$19,509,000 (first half of 2019: gross profit of HK$32,058,000). The decrease was attributable to a decrease in production volume and tin price during the period.

Due to the exhaustion of the mineral resources of the Mount Bischoff and its need for maintenance, the Mount Bischoff is currently closed to facilitate the maintenance procedure.

During the period, the Group carried on with the resource definition drilling program at the Renison underground mine to discover potential tin resources. The Group continued to explore the Bell 50 area, and the ongoing exploration work has also confirmed the high-grade Area 5 extension to the Bell 50 area. As of March 31, 2020, the total Renison measured, indicated and inferred resource was 18,547,000 metric tons at 1.57% grade of ore. The contained tin increased 46% to 120,318 metric tons, marking an increase of 12% of the measured and indicated resources, and an increase of 6% of the average grade of ore year-on-year (after deducting mining depletion). The enhancement in contained tin within the Renison underground mine facilitated the Group with more room to upgrade production volume.

Prospect

Looking forward to the second half of 2020, the Group will uphold the Renison Life-of-Mine Plan (the "2020 LOM Plan"), to optimize the Renison underground mine, thereby supporting the Group to explore high-grade ore and maintain mine life. Meanwhile, the Group will sustain its development of other areas of the Renison underground mine, including the Bell 50 area at the bottom of Area 5, to bolster the production volume of tin metals and strive for better returns.

Even though global economic activities are resuming progressively, the International Monetary Fund expects the global economic growth rate to shrink to 4.9% in 2020. With regard to the tin market, the upstream supply remains tight due to recurrent COVID-19 pandemic, while the downstream demand is believed to remain weak in the short term. Fortunately, the Purchasing Manager Index (PMI) in China, the United States and other European countries is picking up moderately, which will help boost the demand for tin metals. Capitalizing on the rapid development of new energy vehicles, smart products and 5G products, as well as their new applications, downstream consumption will see a sustained steady growth. The Group can benefit from the positive mid-to-long term prospects of the tin market.

Prospect (Continued)

The Group seeks to forge ahead with its business cooperation with long-term business partner Yunnan Tin Group Company Limited ("Yunnan Tin PRC"). The Group, through YTPAH, entered into a tin supply agreement with Yunnan Tin Australia TDK Resources Pty Ltd. ("YTATR"), a wholly-owned subsidiary of Yunnan Tin PRC. Pursuant to which the Group will continue to provide tin to Yunnan Tin PRC until January 2022. Such arrangement will generate stable income for the Group.

The global economy faces a gloomy outlook as it is under downward pressure caused by the COVID-19 pandemic and Sino-US trade war. Amidst an incredibly challenging environment, the Group is determined to maintain a safe, healthy and orderly business operation, while optimizing and tapping the potential of existing resources and projects, in hopes of strengthening its competitiveness. Meanwhile, the Group continues to identify quality investment opportunities that will generate considerable profit in the long term, in order to bring better returns to its shareholders and investors.

Litigation

HCA 1357/2011

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

GPL and the Company were named as 1st Defendant and 2nd Defendant in a writ of summons with a Statement of Claim dated 11 August 2011 filed by Mr. Chan under High Court Action number 1357 of 2011 ("HCA 1357 Action").

Under the Statement of Claim, Mr. Chan alleged that GPL and the Company have breached the Parksong S&P Agreement by failing to make payment of AUD15,143,422.44 (equivalent to approximately HK$80,701,000), being the alleged amount of the "Receivables" which Mr. Chan alleged is entitled under the Parksong S&P Agreement ("Mr. Chan's Claim").

Litigation (Continued)

HCA 1357/2011 (Continued)

GPL and the Company denied Mr. Chan's Claim and have made counterclaim against Mr. Chan for his breach of the respective terms and/or guarantees and/or warranties in the Parksong S&P Agreement. GPL and the Company filed their Defence and Counterclaim on 11 October 2011 which has subsequently been amended ("GPL and the Company D&C"). Under GPL and the Company D&C, 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) GPL and the Company 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 of cut-off of called cash payment as at the Completion Date ("Called Sum Issue"); (3) Mr. Chan has prepared 3 sets of documents which showed a conflicting picture as to who was the owner of an advanced sum of AUD16.3 million ("AUD16.3 Million Issue") to Yunnan Tin Hong Kong (Holding) Group Co. Ltd. ("Yunnan Tin HK"), a majority-owned subsidiary of Parksong, before the completion of the acquisition; and/or further the said advanced sum of AUD16.3 million may be an amount owed to one of its shareholder, Yunnan Tin PRC, by Yunnan Tin HK which is not recorded in the relevant accounts (and thus amounting 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 the period of the life of the mine on 1 December 2010, without the consent of GPL; and (5) the claimed 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 GPL and the Company D&C, 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$156,281,000 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 ("R&DC") that, amongst others, (1) the third set of documents as pleaded in GPL and the Company D&C 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 in GPL and the Company D&C.

Litigation (Continued)

HCA 1357/2011 (Continued)

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

For AUD16.3 Million Issue, an application for joinder of parties to engage Yunnan Tin PRC and Yunnan Tin HK was made in July 2014. By a court order dated 19 December 2017, Yunnan Tin PRC and Yunnan Tin HK were joined into the HCA1357 Action as 3rd Defendant and 4th Defendant. Subsequently on 19 March 2018, Yunnan Tin PRC served its Defence and Counterclaim (which is amended on 26 July 2018) in HCA 1357 Action ("Yunnan Tin PRC D&C") under which Yunnan Tin PRC counterclaims against each of Mr. Chan, Parksong, Yunnan Tin HK and GPL for damages and/or the sum of AUD16.3 million and/or to join in a re-assignment of the sum of AUD16.3 million to Yunnan Tin PRC and/or rectification of accounts of Yunnan Tin HK to recognise the sum of AUD16.3 million as being due to Yunnan Tin PRC. From May 2018 to March 2019, Mr. Chan, Parksong, Yunnan Tin HK and GPL also filed its respective defence(s) to Yunnan Tin PRC's counterclaim; Parksong, Yunnan Tin HK and GPL also made further counterclaims against Mr. Chan.

Further, an application for expert evidence on AUD16.3 Million Issue, Called Sum Issue and Production Shortfall Issue was made by GPL and the Company in August 2014. By a court order dated 10 April 2019, orders were given by the Court to prepare expert evidence on these three issues. A further directions hearing on expert evidence shall be heard on 6 October 2020. The progress of expert evidence is as follows:

1. Expert reports on AUD16.3 Million Issue and Called Sum Issue

   On AUD16.3 Million Issue and Called Cash Issue, the experts appointed by GPL and the Company have prepared these expert reports and have made the same assessment as stated under GPL and the Company D&C. Yunnan Tin PRC has also prepared its expert reports of AUD16.3 Million Issue. In reply to all these reports, Mr. Chan has also prepared expert reports on AUD16.3 Million Issue and Called Cash Issue.

Litigation (Continued)

HCA 1357/2011 (Continued)

2. Expert report on Production Shortfall Issue

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 claim for compensation for the 3-anniversary production shortfall is in the sum of approximately AUD4,956,000 (approximately of HK$26,409,000). However, the expert for GPL and the Company has preliminarily assessed that the loss suffered by GPL and the Company should be approximately AUD2,593,000 (approximately of HK$13,817,000). Prospectively, Mr. Chan shall complete his expert report on Production Shortfall Issue by 15 September 2020.

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 joint opinion, there shall be re-assessment on the whole case, including the amount on the Payables and the compensation for the Production Shortfall Issue.

HCA 3132/2016

A writ of summons with general endorsements under High Court Action number 3132/2016 ("HCA 3132 Action") was issued by Yunnan Tin PRC against Parksong, Yunnan Tin HK and Mr. Chan on 30 November 2016. Under HCA 3132 Action, Yunnan Tin PRC has made various claims which relates to the 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 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.

Litigation (Continued)

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

Financial Review

Revenue

The Group's unaudited consolidated revenue for the six months ended 30 June 2020 amounted to approximately HK$179,575,000 (30 June 2019: approximately HK$252,848,000), a decrease of 29.0% when compared to the same period of last year. The Group's revenue decreased due to a decrease in production volume and tin price during the period.

Cost of sales

Cost of sales includes mainly direct material costs, direct labour costs and manufacturing overhead absorbed during the production process of our products. It was approximately HK$199,084,000 for the six months ended 30 June 2020 (30 June 2019: approximately HK$220,790,000), representing approximately 110.9% of the revenue recorded in the corresponding period (30 June 2019: approximately 87.3%).

Gross (loss) profit

The Group had a gross loss of approximately HK$19,509,000 (30 June 2019: gross profit of approximately HK$32,058,000) with gross loss margin at 10.9% for the six months ended 30 June 2020 (30 June 2019: gross profit margin at 12.7%).

Administrative expenses

Administrative expenses, which represented approximately 11.4% of the Group's revenue, increased by approximately 3.5% from approximately HK$19,770,000 for the six months ended 30 June 2019 to approximately HK$20,461,000 for the six months ended 30 June 2020, mainly due to increase in administrative staff costs.

Finance costs

Finance costs representing approximately 1.1% of the Group's revenue in this period, increased from approximately HK$1,826,000 for the six months ended 30 June 2019 to approximately HK$1,956,000 for the six months ended 30 June 2020. The increase was mainly due to increase in interest on other borrowing.

(Loss) profit for the period

The Group's condensed consolidated loss attributable to the Company's shareholders for the six months ended 30 June 2020 amounted to approximately HK$42,101,000 (2019: profit of approximately HK$29,160,000). The turn from profit to loss was mainly due to the impairment loss recognised on the property, plant and equipment and exploration and evaluation of assets of the Renison underground mine, a significant reversal of impairment loss in the prior period, an increase in legal and professional fee (included in other expenses) and impairment loss under expected credit loss model on other receivable for the six months ended 30 June 2020.

Liquidity and Financial Resources

The Group financed its operations through internally generated cash flows and borrowings. As at 30 June 2020, the Group did not have any bank facilities but had lease liabilities of HK$20,031,000 (31 December 2019: HK$12,459,000). The gearing ratio of the Group, calculated as a ratio of total liabilities to total assets, was 46.9% as at 30 June 2020 (31 December 2019: 43.6%).

As at 30 June 2020, the Group had net current assets of approximately HK$13,134,000 (31 December 2019: approximately HK$61,932,000). Current ratio as at 30 June 2020 was 1.1 (31 December 2019: 1.3). The bank and cash balance of the Group as at 30 June 2020 was HK$118,470,000 (31 December 2019: approximately HK$157,487,000).

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

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

Charges of assets

As at 30 June 2020, machineries with carrying values of approximately HK$23,606,000 (31 December 2019: HK$12,615,000) was pledged to secured the outstanding lease liabilities.

Contingent Liabilities

As at 30 June 2020, except for the litigation as set out in the litigation section of this report, the Group did not have any significant contingent liabilities.

Capital and Other Commitments

The Group had HK$21,371,000 capital and other commitments as at 30 June 2020 (31 December 2019: HK$28,873,000).

Significant Investments

For the six months ended 30 June 2020, capital expenditure of the Group for property, plant and equipment, exploration and evaluation assets and right-of-use assets amounted to approximately HK$44,633,000 (31 December 2019: HK$66,532,000). As at 30 June 2020, the Group's equity securities listed in Hong Kong with fair value amounted to approximately HK$282,000 (31 December 2019: HK$282,000).

Interim Dividend

The Board has resolved not to declare an interim dividend for the period ended 30 June 2020 (30 June 2019: Nil).

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 conditionally agreed to purchase 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) was indirectly interested in 60% equity interest in New Simin Resources Company Limited, 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.

Assuming there be no adjustment on the Consideration, part of the Consideration should be settled by the allotment and issue of 1,000,000,000 new ordinary shares in the share capital of the Company by the Company at the issue price of HK$0.1876 per share on the date of completion to the Vendor.

Pursuant to the Share Transfer Agreement, completion was subject to the satisfaction of certain conditions precedent by 31 January 2020, or such other date as agreed by the parties in writing (the "Long Stop Date"). The Long Stop Date had been first extended to 7 February 2020 and further extended to 15 July 2020. As the Conditions Precedent had not been fulfilled in full (or waived) on or before 15 July 2020 and the Long Stop Date had not been further extended, the Share Transfer Agreement has lapsed and the Acquisition will not proceed.

Details were disclosed in the announcements of the Company dated 24 December 2019, 4 February 2020, 6 February 2020, 8 April 2020, 15 June 2020, 30 June 2020 and 15 July 2020 respectively.

Save as disclosed above, there was no material acquisition or disposal during the period ended 30 June 2020.

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 30 June 2020, the Group employed approximately 334 employees (31 December 2019: 316). Total staff costs for the period ended 30 June 2020 was HK$64,608,000 (30 June 2019: HK$62,992,000). 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 stated-managed retirement benefit scheme in the People's Republic of China (the "PRC") and Vietnam. The employees for mining operation are employed by Bluestone Mines Tasmania Joint Venture Pty Limited ("BMTJV") on behalf of YT Parksong Australia Holding Pty Limited ("YTPAH") and Bluestone Mines Tasmania Pty Limited ("BMT"). These employees of BMTJV and the employees of YTPAH are members of a state-managed retirement benefit scheme in Australia (Superannuation fund). The Group continues to provide training facilities to the staff to enhance knowledge of industry quality standards.

Mines Information

Renison Tin Project

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

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

Since 1 May 2016, BMTJV has started its own operation of mining activities after the expiry of the mining contract with its contractor.

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

Drilling Data

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

Renison Tin Project (Continued)

Drilling Data (Continued)

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

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

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

Sampling/Assaying

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

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

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

Renison Tin Project (Continued)

Geology/Geological Interpretation

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

Renison underground mine has currently been mined over a strike length of >1,950m, a lateral extent of >1,250m and a depth of over 1,100m.

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 Leapfrog™ and Surpac Vision™.

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

Renison Tin Project (Continued)

Estimation and modelling techniques (Continued)

Once the sample data has been composited, a statistical analysis is undertaken Snowden Supervisor 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 estimation method. By-product and deleterious elements are estimated at the time of primary grade estimation.

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

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

Tonnage estimates are dry tonnes.

Cut-Off Grade

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

Metallurgical and Mining Assumptions

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

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

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.

Renison Tin Project (Continued)

Classification (Continued)

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 30 June 2020, 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.

Updated Resource Estimates for Renison underground mine and Rentails as at 30 June 2020

	TIN			COPPER		
PROJECT	**Tonnes** ('000)	**Grade** (%Sn)	**Sn Metal** (t)	**Tonnes** ('000)	**Grade** (%Cu)	**Cu Metal** (t)
Measured						
Renison underground mine	1,623	1.77	28,659	1,623	0.29	4,719
Rentails	23,886	0.44	104,370	23,886	0.22	52,714
Sub-total	**25,509**	**0.52**	**133,029**	**25,509**	**0.23**	**57,433**
Indicated						
Renison underground mine	14,260	1.59	226,598	14,260	0.18	26,035
Rentails	–	–	–	–	–	–
Sub-total	**14,260**	**1.59**	**226,598**	**14,260**	**0.18**	**26,035**
Inferred						
Renison underground mine	2,664	1.36	36,305	2,664	0.22	5,849
Rentails	–	–	–	–	–	–
Sub-total	**2,664**	**1.36**	**36,305**	**2,664**	**0.22**	**5,849**
Total Resources						
Renison underground mine	18,547	1.57	291,562	18,547	0.20	36,603
Rentails	23,886	0.44	104,370	23,886	0.22	52,714
Total	**42,433**	**0.93**	**395,932**	**42,433**	**0.21**	**89,317**

Renison Tin Project (Continued)

Estimated Tin and Copper Reserves and Resources (Continued)

During the six months to 30 June 2020, an extensive exploration and resources development drilling campaign targeting underground targets was conducted over Renison underground mine. 1,074 meters of capital development and 1,776 meters of operating development were advanced during the period. 3,473 tonnes of tin metal was produced from Renison underground mine and 0 tonne from Mount Bischoff, and processed ores averaged 1.38% Sn. No development or recovery production activities were carried out for Rentails Project.

Operating Expenses for the six months ended 30 June 2020

	HK$'000
Mining costs	66,471
Processing costs	45,907
Royalty	3,385
Transportation	1,071
Depreciation	42,609
Others	39,641
Total	199,084

Finance costs for the six months ended 30 June 2020

	HK$'000
Interests on leases liabilities	316

For the period ended 30 June 2020, a total of approximately HK$44,633,000 capital expenditure was incurred for exploration, development or production activities. The details of the expenditure are shown below:

Capital Expenditure for the six months ended 30 June 2020

	HK$'000
Property, Plant and Equipment	26,332
Exploration and Evaluation Assets	3,154
Right-of-use Assets	15,147
Total	44,633

Renison Tin Project (Continued)

Estimated Tin and Copper Reserves and Resources (Continued)

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

Total Reserve Estimates as at 30 June 2020

		TIN			COPPER		
PROJECT	**Cut-off** %	**Tonnes** ('000)	**Grade** (%Sn)	**Sn Metal** (t)	**Tonnes** ('000)	**Grade** (%Cu)	**Cu Metal** (t)
Proved Reserves							
Renison underground mine	0.70%	1,203	1.52	18,227	1,203	0.23	2,756
Rentails	–	–	–	–	–	–	–
Sub-total		**1,203**	**1.52**	**18,227**	**1,203**	**0.23**	**2,756**
Probable Reserves							
Renison underground mine	0.70%	7,407	1.38	102,091	7,407	0.17	12,764
Rentails	–	22,313	0.44	98,930	22,313	0.23	50,668
Sub-total		**29,720**	**0.68**	**201,021**	**29,720**	**0.21**	**63,432**
Total Mining Reserves							
Renison underground mine	0.70%	8,610	1.40	120,318	8,610	0.18	15,520
Rentails	–	22,313	0.44	98,930	22,313	0.23	50,668
Total		**30,923**	**0.71**	**219,248**	**30,923**	**0.21**	**66,188**

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

Renison Underground Mine

The Renison underground mine is one of underground tin mines in Australia and is located on the west coast of Tasmania, 140 kilometres ("km") south of the port of Burnie, 10km west of the mining town of 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. The majority of ore production was sourced from the Lower Federal, Central Federal Bassets, Area 4 and Huon North Areas. Development ore from the newly delineated Area 5 and Leatherwood areas was also mined during the year. These two new areas form a large part of the mine plan moving forward. The mining activities in the Area 4 mining area was completed during the year and the mining activities in the Lower Federal area was planned to complete in 2020.

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.

The Group proposed closing Mount Bischoff, which was placed into care and maintenance as the reserve had been depleted for a period of time. The Mount Bischoff closure plan currently developed with the external consultants was in line with the discussions with the regulatory authorities in late 2019. Development and submission of the closure plan is behind schedule and delayed due to the outbreak of COVID-19. Work is continuing on finalising the plan but the submission is now not expected to occur until late 2020.

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 0.44% 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.

Other Information

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2020.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the knowledge of the Board, the Board confirm that the Company has maintained a sufficient public float as required under the Rules Governing the Listing of the Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") during the period ended 30 June 2020.

Outstanding loan of loan agreement

The Company has not repaid the outstanding loan according to the agreed schedule on 31 March 2020 to Cybernaut Greentech Investment Holding (HK) Limited ("Cybernaut" or the "Lender") under the terms of the Supplementary Loan Agreement (as defined thereafter). For details, please refer to Note 15 of the Notes to the Condensed Consolidated Financial Statements of this report and the announcement of the Company dated 1 April 2020.

As at 30 June 2020, the outstanding loan was unsettled while no further supplementary loan extension agreement was entered into between the Company and the Lender. As stated in the Supplementary Loan Agreement, interest on overdue balances are determined based on 3-month Hong Kong Interbank Offered Rate ("HIBOR") plus 2% penalty accrued on a daily base. The accrued interests are due upon the principal repayment.

Subsequent to 30 June 2020 and up to the date of condensed consolidated financial statements were authorised for issue, the management of the Group is in negotiation of the repayment terms with the Lender.

Continued Connected Transaction

Tin concentrates supply

On 31 January 2019, 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 2019 to 31 January 2022. YTPAH is a wholly-owned subsidiary of Yunnan Tin Hong Kong (Holding) Group Co. Limited ("YTHK"), which is owned as to 82% by the Company and 18% by Yunnan Tin PRC. Yunnan Tin PRC indirectly holds 100% equity interest in YTATR. As such, YTATR is a connected person of the Company by virtue of being a subsidiary of the substantial shareholder of YTHK. Accordingly, the transaction contemplated under the Tin Supply Contract constitutes continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The annual caps for the transactions contemplated under the Tin Supply Contract are approximately HK$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 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 official LME cash settlement average price of tin metal in the quotational period; (ii) deduction of a treatment charge calculated at an agreed fixed rate per dmt specified in the Tin Supply Contract; (iii) deduction based on the final tin content; and (iv) penalty for impurity. It was agreed that the YTATR pays 85% of the provisional value of each lot within three working days after the YTATR receives all shipment documents and the remaining part will be settled within 10 working days after the final analysis and weights of tin concentrates confirmed by both YTPAH and YTATR.

The revenue under the Tin Supply Contract for the six months ended 30 June 2020 amounted to approximately HK$179,575,000.

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

As at 30 June 2020, the interest and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code or Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long position in Shares

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

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executive of the Company had any interest or short positions in any shares or underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 30 June 2020, the interests and short positions of substantial shareholders (other than a Director, or the Chief Executive) in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company under Section 336 of the SFO were as follows:

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

Long position in Shares

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

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

Long position in Shares (Continued)

Notes:

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

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

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

Save as disclosed above, as at 30 June 2020, the Company has not been notified by any persons, other than a Director and Chief Executive, who had any interests or short positions in any shares or underlying shares of the Company and its associated corporations which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of the Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Review of Interim Report

The audit committee of the Company (the "Audit Committee") has reviewed the Group's interim results for the six months ended 30 June 2020. The Audit Committee comprises all of the three independent non-executive directors ("INEDs"), namely Datin Sri Lim Mooi Lang, Mr. Kim Wooryang and Ms. Peng Wenting.

Corporate Governance

Immediately following the resignation of Mr. Chow Wing Chau as an INED with effect from 21 January 2020, the number of INEDs had fallen below one-third of the Board as required under Rule 3.10A of the Listing Rules. Following the change of directors of the Company with effect from 14 April 2020, the Board comprises at least one-third of the directors who are independent non-executive directors and the Company has complied with the requirement prescribed under Rule 3.10A of the Listing Rules.

In the opinion of the Directors, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2020.

Changes in Information of Directors

On 14 February 2020, the director's fee of each of Ms. SUMIYA Altantuya, Mr. JIN Ye and Mr. DUAN Zhida (who had all resigned on 17 July 2020) was increased from HK$0 to HK$16,550 per month.

Since 1 April 2020, the directors (other than Mr. NIE Dong and Mr. CHI Chi Hung, Kenneth, both of whom had resigned on 14 April 2020) had agreed that they shall only receive one-third of their monthly remuneration originally payable under their respective service contracts during the period of the COVID-19 outbreak.

On 17 July 2020, as recommended by the Remuneration Committee and approved by the Board, the director's fee of each executive director and each independent non-executive director of the Company was adjusted to HK$30,000 and HK$20,000 per month respectively and the remuneration of each Co-Chief Executive Officer of the Company was adjusted to no more than HK$2,000,000 per annum (which shall be inclusive of the director's fee of HK$30,000 per month and any remuneration received from any subsidiary of the Company). However, during the period of the COVID-19 outbreak, all of the directors of the Company will only receive one-third of such director's fee and the Co-Chief Executive Officers will only receive their remuneration at the reduced rate of HK$1,000,000 per annum (as to Mr. HSU Jing-Sheng) or HK$1,104,600 per annum (as to Ms. XIE Yue) and such arrangement will be reviewed on or before 30 September 2020.

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2020.

By the Order of the Board
Greentech Technology International Limited
Tan Sri Dato' KOO Yuen Kim
P.S.M., D.P.T.J. J.P
Chairman

Hong Kong, 28 August 2020

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

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

Introduction

We have reviewed the condensed consolidated financial statements of Greentech Technology International Limited (the "Company") and its subsidiaries set out on pages 29 to 46, which comprise the condensed consolidated statement of financial position as of 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 August 2020

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	Notes	Six months ended 30.6.2020 HK$'000 (unaudited)	30.6.2019 HK$'000 (unaudited)
Revenue	3	179,575	252,848
Cost of sales		(199,084)	(220,790)
Gross (loss) profit		(19,509)	32,058
Interest income		194	447
Other income		220	–
Other gains and losses	5	4,316	10,300
Impairment losses under expected credit loss model on other receivable	6	(2,600)	–
Other expenses		(12,859)	(2,407)
Administrative expenses		(20,461)	(19,770)
Finance costs	7	(1,956)	(1,826)
(Impairment loss) reversal of impairment loss recognised on property, plant and equipment		(1,253)	28,778
(Impairment loss) reversal of impairment loss recognised on exploration and evaluation assets		(632)	14,389
(Loss) profit before tax		(54,540)	61,969
Taxation credit (charge)	8	7,068	(23,320)
(Loss) profit for the period	9	(47,472)	38,649
Other comprehensive expense for the period:			
Item that will not be reclassified to profit or loss:			
Exchange difference arising on translation to presentation currency		(10,924)	(2,731)
Total comprehensive (expense) income for the period		(58,396)	35,918
(Loss) profit for the period attributable to:			
Owners of the Company		(42,101)	29,160
Non-controlling interests		(5,371)	9,489
		(47,472)	38,649
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(52,973)	26,111
Non-controlling interests		(5,423)	9,807
		(58,396)	35,918
(Loss) earnings per share	11		
Basic (HK cent)		(0.62)	0.43

Condensed Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	30.6.2020 HK$'000 (unaudited)	31.12.2019 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*12*	**275,833**	290,910
Right-of-use assets	*12*	**25,299**	15,231
Exploration and evaluation assets	*12*	**149,245**	153,399
Deposits		**19,593**	20,172
		469,970	479,712
Current assets			
Inventories		**37,658**	43,929
Trade receivables	*13*	**15,474**	17,866
Other receivables, prepayments and deposits		**5,419**	9,379
Equity securities at fair value through profit or loss ("FVTPL")		**282**	282
Tax recoverable		**34,068**	37,181
Bank balances and cash		**118,470**	157,487
		211,371	266,124
Current liabilities			
Trade payables	*14*	**23,351**	27,203
Other payables and accruals		**103,368**	106,679
Deferred income		**180**	–
Other borrowing	*15*	**60,820**	59,180
Lease liabilities		**9,978**	11,130
Dividend payable to a non-controlling shareholder of a subsidiary		**540**	–
		198,237	204,192
Net current assets		**13,134**	61,932
Total assets less current liabilities		**483,104**	541,644

	30.6.2020 HK$'000 (unaudited)	31.12.2019 HK$'000 (audited)
Capital and reserves		
Share capital	34,150	34,150
Reserves	345,777	398,750
Equity attributable to owners of the Company	379,927	432,900
Non-controlling interests	(18,314)	(12,351)
Total equity	361,613	420,549
Non-current liabilities		
Lease liabilities	10,053	1,329
Deferred tax liabilities	45,796	54,410
Provision for rehabilitation	65,642	65,356
	121,491	121,095
	483,104	541,644

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	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 2019 (audited)	34,150	950,427	(135,749)	7,800	(1,280)	(355,171)	500,177	4,662	504,839
Profit for the period	–	–	–	–	–	29,160	29,160	9,489	38,649
Other comprehensive (expense) income for the period	–	–	(3,049)	–	–	–	(3,049)	318	(2,731)
Total comprehensive (expense) income for the period	–	–	(3,049)	–	–	29,160	26,111	9,807	35,918
At 30 June 2019 (unaudited)	34,150	950,427	(138,798)	7,800	(1,280)	(326,011)	526,288	14,469	540,757
At 1 January 2020 (audited)	**34,150**	**950,427**	**(141,437)**	**7,800**	**(1,280)**	**(416,760)**	**432,900**	**(12,351)**	**420,549**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(42,101)**	**(42,101)**	**(5,371)**	**(47,472)**
Other comprehensive expense for the period	**–**	**–**	**(10,872)**	**–**	**–**	**–**	**(10,872)**	**(52)**	**(10,924)**
Total comprehensive expense for the period	**–**	**–**	**(10,872)**	**–**	**–**	**(42,101)**	**(52,973)**	**(5,423)**	**(58,396)**
Dividend declared to a non-controlling shareholder of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(540)**	**(540)**
At 30 June 2020 (unaudited)	**34,150**	**950,427**	**(152,309)**	**7,800**	**(1,280)**	**(458,861)**	**379,927**	**(18,314)**	**361,613**

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

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended	
	30.6.2020	30.6.2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash generated from operating activities	**1,233**	53,663
Interest received	**194**	447
Purchase of property, plant and equipment	**(26,332)**	(17,956)
Exploration and evaluation expenditure incurred	**(3,154)**	(6,653)
Net cash used in investing activities	**(29,292)**	(24,162)
Interest paid	**(316)**	(404)
Repayment of leases liabilities	**(6,805)**	(8,679)
Repayment of other borrowing	**–**	(120)
Cash used in financing activities	**(7,121)**	(9,203)
Net (decrease) increase in cash and cash equivalents	**(35,180)**	20,298
Effect of foreign exchange rate changes	**(3,837)**	(293)
Cash and cash equivalents at 1 January	**157,487**	142,137
Cash and cash equivalents at 30 June		
Bank balances and cash	**118,470**	162,142

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

1. General and Basis of Preparation

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

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

The condensed consolidated financial statements of the Group for the six months ended 30 June 2020 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

2. Principal Accounting Policies

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and application of certain accounting policies which become relevant to the Group as disclosed below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2019.

2. Principal Accounting Policies (Continued)

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs had no material impact on the Group's financial positions and performance for the current and prior periods.

Impacts of application on amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on these condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

2. Principal Accounting Policies (Continued)

Accounting policies newly applied by the Group

In addition, the Group has applied the following accounting policy which became relevant to the Group in the current interim period.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants relate to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

3. 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 4.

4. Segment Information

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

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

Revenue from major products

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

	Six months ended	
	30.6.2020	30.6.2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Sales of tin concentrate	**179,575**	252,848

5. Other Gains and Losses

	Six months ended 30.6.2020 HK$'000 (unaudited)	30.6.2019 HK$'000 (unaudited)
Fair value change of equity securities at FVTPL	–	(733)
Net foreign exchange gain	1,808	11,033
Gain on disposal of property, plant and equipment	2,445	–
Other	63	–
	4,316	10,300

6. Impairment Losses under Expected Credit Loss Model on Other Receivable

As at 30 June 2020, the Group performed impairment assessment on other receivables with gross carrying amount of HK$2,600,000 and concluded that there is evidence indicating that there is a significant increase in credit risk since initial recognition of such other receivable from a debtor. The directors of the Company considered that such other receivable is credit impaired and the Group recognised an impairment losses under ECL model amounting of HK$2,600,000 on that other receivable during the current period.

7. Finance Costs

	Six months ended 30.6.2020 HK$'000 (unaudited)	30.6.2019 HK$'000 (unaudited)
Interests on leases liabilities	316	476
Interest on other borrowing	1,640	1,350
	1,956	1,826

8. Taxation Credit (Charge)

	Six months ended 30.6.2020 HK$'000 (unaudited)	Six months ended 30.6.2019 HK$'000 (unaudited)
Current tax charge		
– Australian Company Tax	–	(12,080)
Deferred tax credit (charge)	7,068	(11,240)
Taxation credit (charge) for the period	7,068	(23,320)

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

9. (Loss) Profit for the Period

	Six months ended 30.6.2020 HK$'000 (unaudited)	Six months ended 30.6.2019 HK$'000 (unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense	199,084	220,790
Depreciation of property, plant and equipment	38,779	67,681
Depreciation of right-of-use assets	5,068	445
Short-term lease payments	64	206
Staff costs (including directors' emoluments)	64,608	62,992
Government subsidies (included in other income)	(140)	–

10. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

11. (Loss) Earnings Per Share

The calculation of the basic (loss) earnings per share attributable to the owners of the Company for each of the six months ended 30 June 2020 and 2019 is based on the following data:

	Six months ended	
	30.6.2020	30.6.2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
(Loss) profit for the purposes of basic (loss) earnings per share	**(42,101)**	29,160
	'000	'000
Number of ordinary shares for the purpose of basic (loss) earnings per share	**6,830,000**	6,830,000

For both of the six months ended 30 June 2020 and 2019, the Company had no potential ordinary shares in issue and therefore no diluted (loss) earnings per share was presented.

12. Property, Plant and Equipment, Right-of-use Assets and Exploration and Evaluation Assets

In view of the gross loss and the decline in tin price during the current period, which are impairment indicators on the Group's mining-related property, plant and equipment, right-of-use assets and exploration and evaluation assets, the management of the Group performed an impairment assessment on these assets as at 30 June 2020.

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 and machineries for the mine operation), certain 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.

12. Property, Plant and Equipment, Right-of-use Assets and Exploration and Evaluation Assets (Continued)

The recoverable amount of the CGU of the Mining Operation of approximately AUD82,500,000 (equivalent to approximately HK$439,651,000) as at 30 June 2020 was determined based on the higher of fair value less cost of disposal and value in use. The Group's management applied discounted cash flow method to assess the recoverable amount of the CGU of the Mining Operation. The discounted cash flow method was based on a discount rate of 18.49% or a pre-tax discount rate of 24.06% 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 a risk free rate, which represented the 10-year Australia government bond yield, at 0.87%. The aggregate amount of reserve and resources used in the projection is 7.86 million tonnes and it is assumed the mineral reserve is mined over approximately 11.5 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 1:0.685 to 1:0.646, future price of tin of USD17,325 per tonne, which is benchmarked to analyst consensus forecast, and production rate of 1.61% per tonne.

As at 30 June 2020 the recoverable amount of the CGU of the Mining Operation is less than its carrying value by HK$1,885,000. Accordingly, impairment losses on mine properties and developments and exploration and evaluation assets allocated to the CGU of the Mining Operation of approximately HK$1,253,000 and HK$632,000 respectively, which are allocated on a pro-rata basis based on the respective carrying value of mine properties and developments and exploration and evaluation assets, are recognised in profit or loss for the year ended 30 June 2020, respectively.

Property, plant and equipment

During the six months ended 30 June 2020, the Group had additions to the property, plant and equipment amounted to approximately HK$26,332,000 (six months ended 30 June 2019: HK$17,956,000).

Exploration and evaluation assets

During the six months ended 30 June 2020, the Group had additions to the exploration and evaluation assets amounted to approximately HK$3,154,000 (six months ended 30 June 2019: HK$6,653,000).

12. Property, Plant and Equipment, Right-of-use assets and Exploration and Evaluation Assets (Continued)

Right-of-use assets

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. 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.

During the six months ended 30 June 2020, the Group had additions to the right-of-use assets amounted to approximately HK$15,147,000 and additions to the lease liabilities amounted to approximately HK$15,147,000.

13. Trade Receivables

	30.6.2020 **HK$'000** **(unaudited)**	31.12.2019 HK$'000 (audited)
Trade receivables	**15,474**	17,866

The Group allows a credit period of 3 working days for 85% of the provisional value upon the delivery of goods (at the point when control of the goods is transferred to customer) and issue of provisional invoices. For the remaining 15%, the Group allows a credit period of 10 working days after the issue of final invoice, which is derived based on the mutual agreement on grade and weights of tin or copper concentrates with the customer and the adjustments on the final sales prices based on the market price of tin. It normally takes around 1 to 2 months after the delivery of goods for the issue of final invoice. At the end of the reporting period, the entire amount of the Group's trade receivables is due from a related party, Yunnan Tin Australia TDK Resources Pty Limited ("YTATR"), being a subsidiary of the non-controlling shareholder of a subsidiary of the Company.

13. Trade Receivables (Continued)

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

	30.6.2020 HK$'000 (unaudited)	31.12.2019 HK$'000 (audited)
0–30 days	**15,474**	17,866

14. Trade Payables

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

	30.6.2020 HK$'000 (unaudited)	31.12.2019 HK$'000 (audited)
0–30 days	**23,351**	27,203

15. Other Borrowing

The other borrowing is an unsecured loan from Cybernaut Greentech Investment Holding (HK) Limited ("Cybernaut" or the "Lender"), a shareholder with 24.89% (31 December 2019: 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 with a maturity date on 31 March 2019 (the "Maturity Date"). On 19 February 2019, the Company, the Lender and the Guarantor entered into another supplementary loan agreement to amend and restate the terms of the supplementary loan agreement entered by them previously on 21 March 2018, pursuant to which the parties agreed to further extend the Maturity Date for one year to 31 March 2020 with fixed interest rate of 8% per annum.

As at 30 June 2020, the outstanding loan was unsettled while no further supplementary loan extension agreement was entered into between the Company and the Lender. As stated in the loan agreement, interest on overdue balances are determined based on 3-month Hong Kong Interbank Offered Rate ("HIBOR") plus 2% penalty accrued on a daily base. The accrued interests are due upon the principal repayment.

15. Other Borrowing (Continued)

Subsequent to 30 June 2020 and up to the date these condensed consolidated financial statements were authorised for issue, the management of the Group is in negotiation of the repayment terms with the Lender.

As at 30 June 2020, the carrying amount of the other borrowing was HK$60,820,000 (31 December 2019: HK$59,180,000), which included accrued interest payable of HK$26,841,000 (31 December 2019: HK$25,201,000).

16. Capital Commitments

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

	30.6.2020 HK$'000 (unaudited)	31.12.2019 HK$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of property, plant and equipment of JV Projects	**7,698**	14,532
Commitments on mineral tenement	**13,673**	14,341

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

As at 30 June 2020 and 31 December 2019, YT Parksong Australia Holding Pty Limited, a non-wholly owned subsidiary of the Company, has provided a guarantee and indemnity to a lessor relating to the Group's lease liabilities. This guarantee and indemnity are given to such lessor jointly and severally with the joint venturer, Bluestone Mines Tasmania Pty Limited.

17. Related Party Transactions

Save as disclosed elsewhere in the condensed consolidated financial statements, during the six months ended 30 June 2020 and 2019, the Group had entered into the following significant transactions with related parties:

	30.6.2020 HK$'000 (unaudited)	30.6.2019 HK$'000 (unaudited)
Sales of tin concentrate to YTATR *(note)*	179,575	252,848
Interest expense on other borrowing from Cybernaut	1,640	1,350

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

Compensation of key management personnel

The remuneration of key management personnel, including directors and other members of senior management of the Group, during the period was as follows:

	30.6.2020 HK$'000 (unaudited)	30.6.2019 HK$'000 (unaudited)
Short-term benefits	7,884	4,981
Contributions to retirement benefit scheme	24	35
	7,908	5,016

18. Fair Value Measurement of Financial Instruments

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

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

18. Fair Value Measurement of Financial Instruments (Continued)

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

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

	Fair value as at		Fair value hierarchy	Valuation technique and key input(s)
	30.6.2020 HK$'000 (unaudited)	31.12.2019 HK$'000 (audited)		
Equity security at FVTPL	**282**	282	Level 1	Quoted bid prices in an active market
Trade receivables at FVTPL	**15,474**	17,866	Level 2	Derived from the quoted forward tin price

19. Major Non-cash Transaction

During the period, the Group entered into new lease agreements for the use of leased machineries and equipment for two to four years. On the lease commencement, the Group recognised approximately HK$15,147,000 of right-of-use assets and approximately HK$15,147,000 lease liabilities.

20. Approval of the Condensed Consolidated Financial Statements

These unaudited condensed consolidated financial statements were approved and authorised for issue by the Board on 28 August 2020.