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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

The board (“Board”) of directors (“Directors”) of Greentech Technology International Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2019 together with comparative figures for the corresponding period in 2018 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 June 2019

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 22 January 2008. The shares of the Company are listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

The condensed consolidated financial statements of the Group for the six months ended 30 June 2019 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The functional currency of the Company is Australian Dollar (“AUD”). These condensed consolidated financial statements are presented in Hong Kong Dollars (“HK\$”) as the directors of the Company consider that HK\$ is the appropriate presentation currency since the shares of the Company are listed on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) as disclosed below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

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

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

2.1 *Impacts and changes in accounting policies of application on HKFRS 16 “Leases”*

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

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

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

Definition of a lease

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

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

As a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases

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

Right-of-use assets

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

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;

- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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.

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.

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

Definition of a lease

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

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

As a lessee

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

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

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

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

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

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

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

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

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

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

3. REVENUE

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

4. SEGMENT INFORMATION

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

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

Revenue from major products

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

Six months ended	
30.6.2019	30.6.2018
<i>HK\$'000</i>	<i>HK\$'000</i>
(unaudited)	(unaudited)
Sales of tin concentrate	
<u>252,848</u>	<u>243,223</u>

5. OTHER GAINS AND LOSSES

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

6. FINANCE COSTS

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

7. TAXATION

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

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

8. PROFIT FOR THE PERIOD

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

* *Not applicable*

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company for each of the six months ended 30 June 2019 and 2018 is based on the following data:

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

For both six months ended 30 June 2019 and 2018, the Company had no potential ordinary shares in issue and therefore no diluted earnings per share was presented.

11. PROPERTY, PLANT AND EQUIPMENT AND EXPLORATION AND EVALUATION ASSETS

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

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

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

12. TRADE RECEIVABLES

	30.6.2019	31.12.2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Trade receivables	<u>49,462</u>	<u>24,670</u>

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

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

	30.6.2019	31.12.2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
0–30 days	<u>49,462</u>	<u>24,670</u>

13. TRADE PAYABLES

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

	30.6.2019	31.12.2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
0–30 days	22,890	21,681
31–60 days	<u>70</u>	<u>10,228</u>
Total	<u>22,960</u>	<u>31,909</u>

14. OTHER BORROWING

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

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

15. CAPITAL COMMITMENTS

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

	30.6.2019	31.12.2018
	HK\$’000	HK\$’000
	(unaudited)	(audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of property, plant and equipment of JV Projects	2,634	340
Exploration commitments	<u>15,200</u>	<u>15,681</u>

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

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

16. RELATED PARTY TRANSACTIONS

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

	30.6.2019	30.6.2018
	HK\$’000	HK\$’000
	(unaudited)	(unaudited)
Sales of tin concentrate to YTATR (<i>note</i>)	252,848	243,223
Interest expense on other borrowing from Cybernaut	<u>1,350</u>	<u>1,726</u>

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

Compensation of key management personnel

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

	30.6.2019 <i>HK\$'000</i> (unaudited)	30.6.2018 <i>HK\$'000</i> (unaudited)
Short-term benefits	4,981	4,978
Contributions to retirement benefit scheme	35	36
	<u>5,016</u>	<u>5,014</u>

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

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

	Fair value as at		Fair value	Valuation technique and
	30.6.2019	31.12.2018	hierarchy	key input(s)
	<i>HK\$'000</i>	<i>HK\$'000</i>		
	(unaudited)	(audited)		
Equity security at FVTPL	282	1,015	Level 1	Quoted bid prices in an active market
Trade receivables	49,462	24,670	Level 2	Derived from the quoted forward tin price

18. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

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

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

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

BUSINESS REVIEW

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

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

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

According to the Group's recent estimates of mineral resources, the contained tin within the Renison underground mine increased from 215,665 tonnes to 263,192 tonnes, up significantly by 22% year-on-year. Currently, the measured, indicated and inferred mineral resources within the Renison underground

mine was approximately 17,582,000 tonnes, with the grade of ore reaching 1.50%. The increase in contained tin within the Renison underground mine made greater room for the Group to raise production volume.

PROSPECT

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

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

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

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

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

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

LITIGATION

HCA 1357/2011

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

GPL and the Company were named as 1st Defendant and 2nd Defendant in a writ of summons with a Statement of Claim dated 11 August 2011 filed by Mr. Chan under High Court Action number 1357 of 2011 (“HCA 1357 Action”). Under the Statement of Claim, Mr. Chan alleged that GPL and the Company have breached the Parksong S&P Agreement by failing to make payment of AUD15,143,422 (equivalent to approximately HK\$83,074,000), being the alleged amount of the “Receivables” which Mr. Chan alleged is entitled under the Parksong S&P Agreement (“Mr. Chan’s Claim”).

GPL and the Company denied Mr. Chan’s Claim and have made counterclaim against Mr. Chan for his breach of the respective terms and/or guarantees and/or warranties in the Parksong S&P Agreement. GPL and the Company filed their Defence and Counterclaim on 11 October 2011 which was amended on 23 May 2012 (as “D&C2”) and re-amended on 31 August 2016 (as “D&C3”) and further re-re-amended on 29 June 2018 (as “D&C4”). Under the D&C4, GPL and the Company sought to, amongst others, claim against Mr. Chan by way of counterclaim and set-off and stated that GPL has suffered loss and damage by reason of the following: (1) Mr. Chan has failed to make a payment to GPL in settlement of payables under the Parksong S&P Agreement (“Payables”) (apart from the amount of AUD476,393 under (2) below; (2) the Company and GPL are disputing that Mr. Chan is entitled to claim the amount of AUD3,048,387 forming part of the Receivables and claim Mr. Chan for the sum of AUD476,393 forming part of the Payables in respect to cut-off of called cash payment as at the Completion Date (“Called Sum Issue”); (3) Mr. Chan has prepared 3 sets of documents which showed a conflicting picture as to who was the owner of an advanced sum of AUD16.3 million (“AUD16.3 Million Issue”) to Yunnan Tin Hong Kong (Holding) Group Co. Ltd. (“Yunnan Tin HK”), a majority-owned subsidiary of Parksong, before the completion of the acquisition; and/or further the said advanced sum of AUD16.3 million may be an amount owed to one of its shareholder, Yunnan Tin Group (Holding) Company Limited (“Yunnan Tin PRC”), by Yunnan Tin HK which is not recorded in the relevant accounts (and thus amounts to an additional amount under the Payables (as defined above)) which Mr. Chan is liable to compensate GPL for the said advanced sum of AUD16.3 million; (4) Mr. Chan unilaterally caused an Australian subsidiary of Yunnan Tin HK, YT Parksong Australia Holding Pty Limited, to enter into a tin concentrate package purchase underwriting agreement and a management agreement with Yunnan Tin Australia TDK Resources Pty Ltd. for a period of life of the mine on 1 December 2010, without the consent of GPL; and (5) the claim sum of USD2,059,897 due to production shortfall of contained tin in concentrate from the mine in Australia for the first anniversary after the Completion Date and compensation for each of the second and third anniversaries to be

assessed (“Production Shortfall Issue”). Under the D&C4, GPL claimed against Mr. Chan for the respective sums of AUD1,048,847.18, AUD476,393, AUD16,300,000, AUD8,505,000, USD2,059,897 (approximately of HK\$160,535,000 in total) and damages etc.

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

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

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

For the Production Shortfall Issue, compensation is based on Mr. Chan’s production guarantee of 6,500 tonnes of contained tin in concentrate for each of the three anniversaries from the Completion Date under the Parksong S&P Agreement. The actual figures of tin production were confirmed to be approximately 4,979 tonnes, 6,159 tonnes and 6,013 tonnes respectively by Parksong’s advisor, resulting in respective shortfalls of 1,521 tonnes, 341 tonnes and 487 tonnes. GPL’s claims on compensation for production shortfalls are in sum of approximately AUD3,284,000, AUD650,000 and AUD1,021,000 respectively (approximately of HK\$27,185,000 in total). However, the Company and GPL are now making application to engage expert to provide expert’s opinion on these amounts under the said Expert Evidence Application.

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

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

HCA 492/2017

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

FINANCIAL REVIEW

Revenue

The Group’s unaudited consolidated revenue for the six months ended 30 June 2019 amounted to approximately HK\$252,848,000 (30 June 2018: approximately HK\$243,223,000), an increase of 4% when compared to the same period of last year. The Group’s revenue increased due to an increase in production volume but partly offset by a slightly decrease in tin price during the period.

Cost of Sales

Cost of sales includes mainly direct material costs, direct labour costs and manufacturing overhead absorbed during the production process of our products. It was approximately HK\$220,790,000 for the six months ended 30 June 2019 (30 June 2018: approximately HK\$180,527,000), representing approximately 87.3% of the revenue recorded in the corresponding period (last period: approximately 74.2%), the increase was mainly due to an increase in production volume and depreciation expenses.

Gross Profit

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

Administrative Expenses

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

Finance Costs

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

Liquidity and Financial Resources

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

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

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

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

Charges of Assets

As at 30 June 2019, part of our lease liabilities of HK\$15,216,000 (31 December 2018: obligations under finance lease of HK\$23,594,000) was secured by property, plant and equipment of an amount of approximately HK\$21,466,000 (31 December 2018: approximately HK\$28,900,000) and the remaining part of the lease liabilities of HK\$2,816,000 (31 December 2018: nil) was secured by the rental deposit of an amount of approximately HK\$580,000 (31 December 2018: nil).

Contingent Liabilities

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

Capital and Other Commitments

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

Significant Investments

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

Interim Dividend

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

Material Acquisition and Disposal

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

Share Option Scheme

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

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

Employees and Remuneration Policy

As at 30 June 2019, the Group employed approximately 31 employees (31 December 2017: 31). The Group implemented its remuneration and bonus policy and share option scheme (if any) based on achievements and performance of the employees. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong and stated-managed retirement benefit scheme in the People’s Republic of China (the “PRC”). The employees for mining operation are employed by BMTJV on behalf of YT Parksong Australia Holding Pty Limited (“YTPAH”) and Bluestone Mines Tasmania Pty Limited (“BMT”). These employees of BMTJV and the employees of YTPAH are members of a state-managed retirement benefit scheme in Australia (Superannuation fund). The Group continues to provide training facilities to the staff to enhance knowledge of industry quality standards.

MINES INFORMATION

Renison Tin Project

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

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

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

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

Drilling Data

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

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 90°C, then crushed to <3mm. Samples are then riffle split to obtain a sub-sample of approximately 100g which is then pulverized to 80% passing 75µm. 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.

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 volcanoclastic rocks. At Renison underground mine, there are three shallow-dipping dolomite horizons which host replacement mineralization. The Federal Orebody Mining has occurred since 1800's providing a significant confidence in the current geological interpretation across all projects. No alternative interpretations are currently considered viable. Geological interpretation of the deposit was carried out using a systematic approach to ensure that the resultant estimated Mineral Resource figure was both sufficiently constrained, and representative of the expected sub-surface conditions. In all aspects of resource estimation, the factual and interpreted geology was used to guide the development of the interpretation.

Renison underground mine has currently been mined over a strike length of >1,700m, a lateral extent of >900m and a depth of over 1150m.

Database

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

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

Estimation and modelling techniques

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

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

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

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

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

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

Tonnage estimates are dry tonnes.

Cut-Off Grade

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

Metallurgical and Mining Assumptions

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

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

Classification

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

In general Measured material has been operationally developed, Indicated material is drilled to 40m centres in the south of the mine and 20m centres in the north of the mine, while Inferred material is drilled at greater spacings.

Estimated Tin and Copper Reserves and Resources

For the period ended 30 June 2019, 423 core holes with NQ2 for 54,733 meters of core holes in total has been drilled for exploration purpose and the drilling program had effectively increased the amount of indicated resources and probable reserves.

As of 30 June 2019, the JORC compliant resources and reserves of Renison underground mine are categorized as follows:

Updated Resource and Reserve Estimates for Renison underground mine as at 30 June 2019

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

During the year under review, an extensive exploration and resources development drilling campaign targeting underground targets was conducted over Renison underground mine. 1934 meters of capital development and 2811 meters of operating development were advanced during the period. 7,125 tonnes of tin metal was produced from Renison underground mine and 0 tonne from Mount Bischoff, and processed ores averaged 1.32% Sn. No development or recovery production activities were carried out for Rentals Project.

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

Operating Expenses for the six months ended 30 June 2019

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

Finance costs for the six months ended 30 June 2019

	<i>HK\$'000</i>
Interests on leases liabilities	<u><u>476</u></u>

Capital Expenditure for the year ended 30 June 2019

Addition	<i>HK\$'000</i>
Property, Plant and Equipment and Exploration and Evaluation Assets	<u><u>24,609</u></u>

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

Total Resource and Reserve Estimates as at 30 June 2019

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

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

Renison Underground Mine

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

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

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

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

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

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

Mount Bischoff

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

Rentails

The Rentails is based on the retreatment of process tailings which have accumulated since the commencement of mining at Renison underground mine. It involves the retreatment of approximately 21 million tonnes of tailings with an average grade of 0.45% tin and 0.22% copper at Renison in a dedicated tailings concentrator, with concentrate processed in a tin fumer. The tin tailings are stored in tailings dams at Renison underground mine. The contained tin within these dams is approximately 84,000 tonnes, one of the largest tin resources in Australia. Additional construction capital has been

estimated to be approximately AUD213 million +/-15% for the recovery of Rentails. In view of the significant capital requirement before the value of Rentails can be unlocked, the Company had not assigned any value to this Rentails in our accounting books at the date of completion of the acquisition of Parksong. However, the management of BMTJV inspected the Yunnan Tin PRC production plants in the PRC in late April of 2013, and had in-depth discussions on the technology and equipment of tailing treatment. To propel the Rentails project, BMTJV has appointed Yunnan Tin PRC to appraise the project and provide recommendation for their consideration. For the period ended 30 June 2019, the Company was of the view that Rentails should continue to carry zero value as the Group does not have any development plan and certainly would not have sufficient funding for this project in the foreseeable future.

Renewal of Mining Lease

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

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2019.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the knowledge of the Board, the Board confirm that the Company has maintained a sufficient public float as required under the Listing Rules during the period ended 30 June 2019.

Review of Interim Results

The Group's unaudited interim results for the six months ended 30 June 2019 have been reviewed by the audit committee of the Company (the "Audit Committee"), and by the auditors of the Company 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. The Audit Committee comprises all of the three independent non-executive directors ("INEDs"), namely Mr. Chi Chi Hung, Kenneth (Chairman), Mr. Zeng Jin and Mr. Chow Wing Chau.

Corporate Governance Code

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

Pursuant to Code Provision A.6.7 of the Code, INEDs and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. Due to other pre-arranged commitments which had to be attended by Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P and Mr. Chow Wing Chau did not attend the annual general meetings held on 31 May 2019.

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2019.

Publication of Interim Results

This interim results announcement is published on the website of The Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.green-technology.com.hk>). The interim report of the Company for the six months ended 30 June 2019 will be dispatched to shareholders and will be available on the website of The Hong Kong Exchanges and Clearing Limited and the Company in due course.

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

Hong Kong, 20 August 2019

As at the date of this announcement, the board of directors of the Company comprises four executive directors, namely, Mr. LI Dong, Mr. NIE Dong, Mr. WANG Chuanhu and Ms. XIE Yue; one non-executive director, namely Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P (Mr. HSU Jing-Sheng as his alternate) and three independent non-executive directors, namely, Mr. CHI Chi Hung, Kenneth, Mr. ZENG Jin and Mr. CHOW Wing Chau.

Website: <http://www.green-technology.com.hk>