



**綠科科技**  
Greentech

**ANNUAL REPORT**  
**2021**

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

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

# CONTENTS

Corporate Information	<b>2</b>
Chairman Statement	<b>3</b>
Management Discussion and Analysis	<b>5</b>
Directors and Senior Management	<b>22</b>
Corporate Governance Report	<b>24</b>
Directors' Report	<b>37</b>
Independent Auditor's Report	<b>50</b>
Consolidated Statement of Profit or Loss and Other Comprehensive Income	<b>55</b>
Consolidated Statement of Financial Position	<b>56</b>
Consolidated Statement of Changes in Equity	<b>58</b>
Consolidated Statement of Cash Flows	<b>59</b>
Notes to the Consolidated Financial Statements	<b>61</b>
Five-Year Financial Summary	<b>132</b>

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P.  
(Dr. HSU Jing-Sheng as his alternate) (*Chairman*)  
Ms. XIE Yue (*Co-Chief Executive Officer*)  
Dr. HSU Jing-Sheng (*Co-Chief Executive Officer*)  
Mr. Li Zheng (appointed on 23 December 2021)  
Mr. SIM Tze Jye  
Mr. WANG Chuanhu (resigned on 23 December 2021)

### Independent Non-executive Directors

Datin Sri LIM Mooi Lang  
Mr. KIM Wooryang  
Mr. Chan Tin Kwan, Bobby  
(appointed on 1 September 2021)  
Ms. PENG Wenting (resigned on 1 September 2021)

## COMPANY SECRETARY

Mr. HUNG Yuk Miu

## AUTHORISED REPRESENTATIVES

Ms. XIE Yue  
Mr. HUNG Yuk Miu

## PRINCIPAL BANKERS

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

## AUDITOR

Deloitte Touche Tohmatsu  
Certified Public Accountants  
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

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3, Building D  
P.O. Box 1586  
Gardenia Court, Camana Bay  
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](http://www.green-technology.com.hk)

# CHAIRMAN STATEMENT

Dear Shareholders:

On behalf of the board of directors (the “Board”) of Greentech Technology International Limited (the “Company”, together with its subsidiaries, collectively referred to as the “Group”), I hereby present the annual report for the year ended 31 December 2021.

With the continuous impact from the Coronavirus Disease 2019 (“COVID-19”) which disrupted supply and the demand chain as well as the logistics, the base metal price has surged over the past year. Some leading tin concentrate producers such as Malaysia, Peru, Myanmar and Indonesia encountered stricter import and export controls. There were mine closures or supply chain was growing suspensions which have resulted in a drop in the overall output of tin. On the demand side, the demand in semiconductor chips as a result of increasing demand in electric vehicles and some electronic appliances. Tin price rose to a ten-year high of approximately USD41,000 per tonne in 2021. The commodity market performance was far above expectation in 2021.

Total production volume of tin metal of the Renison underground mine in 2021 was 8,452 tonnes (2020: 7,798 tonnes), representing a remarkable year-on-year increase of approximately 8.4%. YT Parksong Australia Holding Pty Limited (“YTPAH”), an indirect non-wholly owned subsidiary of the Company, holding 50% interest in the Renison underground mine, was entitled to 4,226 tonnes of tin metal (2020: 3,899 tonnes) available for sale. The increase in production volume was mainly due to the relatively higher grade of ore excavated during the year, along with the improved production efficiency of the new purpose-built three-stage crushing, screening and ore sorting plant. During the year 2021, the Group has recorded revenue from tin mining operation of approximately HK\$979,884,000 (2020: HK\$433,113,000) and gross profit of approximately HK\$425,829,000 (2020: HK\$35,347,000).

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

Apart from the tin mining operation, the Group commenced its gold trading business in December 2020. During the year 2021, the Group has recorded revenue from trading of gold products of approximately HK\$4,272,035,000 (2020: HK\$231,187,000) and gross profit of approximately HK\$20,246,000 (2020: HK\$997,000).

Looking forward to 2022, there are still lots of uncertainties and is foreseen the disruption from the COVID-19 to persist in the near future. With the introduction of carbon neutrality policies, the government from the two largest consumers of tin, China and the United States, will enforce more stringent environmental protection policies, including the introduction of renewable electricity, low carbon design of electronic devices and product energy efficiency as well as 5G related products which will lead to a strong downstream demand for the tin metals in the short to medium terms. We believe that the growth of the Group’s sales in the short to medium term will remain stable. Together with our partners, we will continue to enhance production capacity of the Renison underground mine and continue to develop new sources of income so as to strive for continuous improvement.

## CHAIRMAN STATEMENT (CONTINUED)

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

**Tan Sri Dato' KOO Yuen Kim**

**P.S.M., D.P.T.J. J.P**

*Chairman*

29 March 2022

# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET REVIEW

Due to COVID-19 pandemic, the year 2021 was unprecedentedly challenging. The production and the global logistics were hit severely. The global economy around the world explored to restart of economy following the shock of COVID-19 pandemic. Due to combination of demand-side and supply-side perspective as well as the monetary and fiscal policy, the commodity price rose in the year 2021.

The leading tin concentrate producers such as Malaysia, Peru, Myanmar and Indonesia encountered stricter import and export controls. There were also mine closures, supply chains suspensions and other predicaments resulting in a drop in the overall supply of tin for the year 2021.

On the demand side, the economy has continued its recovery, there has been increasing demand for tin due to the fast growing development of new energy vehicles, smart-manufacturing and 5G related electronic products.

In addition, the monetary and fiscal policy drive the increase of commodity price. Tin price rose to a ten-year high of approximately USD41,000 per tonne in 2021.

## BUSINESS REVIEW

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

Total production volume of tin metal of the Renison underground mine in 2021 was 8,452 tonnes (2020: 7,798 tonnes), representing a year-on-year increase of approximately 8.4%. YTPAH, an indirect non-wholly owned subsidiary of the Company holding 50% interest in the Renison underground mine, was entitled to 4,226 tonnes of tin metal (2020: 3,899 tonnes) available for sale.

For the year ended 31 December 2021, revenue of the Group witnessed a 691% increase to approximately HK\$5,251,919,000 (2020: approximately HK\$664,300,000). The Group's audited consolidated profit for the year attributable to the Company's shareholders amounted to approximately HK\$349,815,000 (2020: consolidated loss of approximately HK\$25,663,000). The Group has recorded a turnaround from loss to profit as compared with the year 2020 and such turnaround was mainly attributable to the substantial increase in average tin price and the improved production efficiency, and the reversal of impairment loss recognised on property, plant and equipment and exploration and evaluation assets of the Renison underground mine.

During the year, 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 31 December 2021, the total Renison measured, indicated and inferred resource was 18,240,000 metric tons at 1.65% grade of ore. The contained tin decreased by 8.5% to 110,000 metric tons, marking an increase of 9.7% of the measured and indicated resources, and an increase of 1% 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.

Apart from the tin mining operation, the Group commenced its gold trading business in December 2020. The gold trading business has gradually expanded in 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### PROSPECT

Going forward in 2022, the Group will continue to conduct drilling campaign on ore grade control and resources defining in Area 5, Leatherwood Trend Huon North within the Renison underground mine, in order to excavate high-grade ore from the area. In addition, the Group will carry on with its development in other areas within the Renison underground mine, including Bell 50 area located at the bottom of Area 5, to bolster the production volume of tin metals and strive for better returns.

Regarding the tin market, the fast-growing development of new energy vehicles, smart manufacturing and 5G-related electronics have provided new impetus to tin applications. There is a worldwide shortage of semiconductor components that has curtailed the production of electronic goods, smartphones, computers and electric vehicles. As tin can be used as a replacement for lead in solder for connecting electronic circuits, which will create new global demand for tin and solder-using equipment. Besides, the work-from-home movement has seen consumers purchasing more electronics in order to get online. Furthermore, COVID-19 has resulted in the unprecedented supply chain disruption and the global logistics challenges and port congestion. There were a significant growth in global demand and the unprecedented supply chain disruption caused by COVID-19 from the second half of 2020. Therefore, the tin price has gradually increased since the second half of 2020.

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 2025. Such arrangement will generate stable income for the Group.

Looking forward, the global economies may continue to be hit hard by the COVID-19 pandemic, posing challenges for the macro-economic environment. The Group will pay close attention to the impacts of COVID-19 pandemic on its operating and financial conditions, and take the appropriate measures accordingly. Meanwhile, the Group will adopt a prudent yet forward-looking development approach and strive for continuous improvement through seizing market opportunities, and will also enhance its competitiveness by refining mine management and enhancing production efficiency, thus delivering better returns to the shareholders and investors.

Meanwhile, the Group will explore further development opportunities by expanding different business lines. We believe that further business diversification will drive the sustainable development of the Group and thus create greater value for our shareholders and investors.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

For more details, please refer to the Environmental, Social and Governance Report for the year ended 31 December 2021 to be issued by the Company.

### COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2021, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

### RELATIONSHIPS WITH STAKEHOLDERS

The Group maintains a good relationship with its employees and strive to maintain the talent through provision of fair and competitive remuneration package, safe working environment and individual development support.

The Group understands the importance of maintaining good relationships with its suppliers, customers and other stakeholders to meet its immediate and long-term goals, without whom success in the Group's operation would be at risk.

### KEY RISKS AND UNCERTAINTIES

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

#### Market Risks

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

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Foreign Exchange Rate Risks

As the Group's assets and liabilities were mainly denominated in United States Dollars and Australian Dollars, in view of the potential fluctuations in the Australian Dollars exchange rate, the Group will continue to closely monitor the exposure and take appropriate actions when necessary. During the year ended 31 December 2021, the Group used foreign exchange forward contracts to partially eliminated the currency risk exposure of the Group.

### Business Risks

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

### Joint Venture Partner Risks

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

## FINANCIAL REVIEW

### Revenue

The Group's audited consolidated revenue for the year ended 31 December 2021 amounted to approximately HK\$5,251,919,000 (2020: approximately HK\$664,300,000), a significant increase of approximately 691% from that of last year. The significant increase in the Group's revenue was primarily attributable to an increase in production volume and the significant increase in tin price during the year and the introduction of the trading of gold products of the Group which contributed approximately HK\$4,272,035,000 revenue of the Group.

### Cost of sales

Cost of sales mainly included direct material costs, direct labour costs, manufacturing overhead absorbed during the production process of our products and service fee for processing the materials purchased. It was approximately HK\$4,805,844,000 for the year ended 31 December 2021 (2020: approximately HK\$627,956,000), representing approximately 91.5% of the revenue for the year 2021 (2020: 94.5%).

### Gross profit

The Group had a gross profit of approximately HK\$446,075,000 (2020: approximately HK\$36,344,000) with gross profit margin of 8.5% for the year ended 31 December 2021 (2020: 5.5%). The increase in gross profit was mainly due to the improved profit margin as the sales volume and tin price increased and the cost of sales regarding the sales of tin concentrates decreased during the year.

### Administrative expenses

Administrative expenses, which represented approximately 0.7% of the Group's revenue, decreased by approximately 5.1% from approximately HK\$36,379,000 for the year ended 31 December 2020 to approximately HK\$34,524,000 for the year ended 31 December 2021, mainly due to decrease in administrative staff costs.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Finance costs

Finance costs represented approximately 0.4% of the Group's revenue in this year, increased by approximately 232% from approximately HK\$5,602,000 for the year ended 31 December 2020 to approximately HK\$18,582,000 for the year ended 31 December 2021. The increase in finance costs was mainly due to the increase in interest in lease liabilities and shareholders' borrowings.

### Profit (loss) for the year attributable to owners of the Company

The Group's audited consolidated profit attributable to owners of the Company amounted to approximately HK\$349,815,000 (2020: loss of approximately HK\$25,663,000). The turnaround from loss to profit was primarily attributable to an increase in average tin price and improve production efficiency and the reversal of impairment loss recognised on exploration and evaluation assets of the Renison underground mine.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group financed its operations through internally generated cash flows and borrowings. As at 31 December 2021, the Group did not have any bank facilities but had lease liabilities of approximately HK\$22,584,000 (2020: approximately HK\$22,662,000) and shareholders' borrowings of approximately HK\$66,078,000 (2020: approximately HK\$296,256,000) which of approximately HK\$66,078,000 (2020: approximately HK\$62,614,000) is an unsecured loan guaranteed by Mr. Xie Haiyu, a former shareholder of the Company, and is interest-bearing at a fixed rate of 8% per annum with a maturity date of 31 March 2020 and an interest on overdue balances are determined based on 3-month Hong Kong Interbank Offered Rate plus 2% per annum and is accrued on a daily basis. As at the date of this report, the Company is in the course of negotiation with the lender to extend the maturity date of the loan. The shareholders' borrowings as at 31 December 2020 also included an unsecured loan of approximately HK\$233,642,000 from an existing shareholder and executive director Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P; and is interest-bearing at a fixed rate of 6% per annum which has fully repaid on 23 December 2021. The gearing ratio of the Group, calculated as a ratio of total liabilities to total assets, was 39.6% as at 31 December 2021 (2020: 57.8%).

As at 31 December 2021, the Group had net current assets of approximately HK\$117,191,000 (2020: approximately HK\$7,306,000). Current ratio as at 31 December 2021 was 1.37 (2020: 1.0). The bank and cash balance of the Group as at 31 December 2021 was approximately HK\$267,051,000 (2020: approximately HK\$102,662,000).

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Company and certain subsidiaries of the Company have bank balances, trade receivables, advance payments to a supplier, other payables and accruals, other receivables and deposits, shareholders' 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. During the year ended 31 December 2021, the Group used foreign exchange forward contracts to partially eliminate the currency risk exposure of the Group.

## CHARGES OF ASSETS

As at 31 December 2021, machineries with carrying values of approximately HK\$20,453,000 (2020: HK\$29,180,000) were pledged to secure the outstanding finance leases.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### CONTINGENT LIABILITIES

As at 31 December 2021, 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 capital and other commitments amounted to HK\$106,010,000 as at 31 December 2021 (2020: HK\$44,659,000) which are expected to be funded by internal resources of the Group. Please refer to note 35 to the consolidated financial statements for details.

### SIGNIFICANT INVESTMENTS

For the year ended 31 December 2021, capital expenditure of the Group for property, plant and equipment, right-of-use assets and exploration and evaluation assets amounted to approximately HK\$197,583,000 (31 December 2020: HK\$72,756,000). As at 31 December 2021, the Group held equity securities listed in Hong Kong with fair value of approximately HK\$7,000 (2020: Nil).

### MATERIAL ACQUISITION AND DISPOSAL

During the year ended 31 December 2021, the Company did not have any significant acquisition and disposal of subsidiaries, associates and joint ventures.

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2021, the Group does not have any plans for material investments and capital assets.

### SHARE OPTION SCHEME

On 21 October 2008, the Company adopted a share option scheme (the "Scheme") for the purpose of providing incentives or 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 shareholders of the Company passed a resolution at the extraordinary general meeting held on 16 June 2021 to adopt a new share option scheme ("New Share Option Scheme") for the purpose of granting options to the eligible participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The eligible participants include any eligible employee (whether full time or part time, including any executive Director but excluding any non-executive Director) of the Company or any of its subsidiaries and any non-executive director (including independent non-executive directors) of the Company or any of its subsidiaries. As at the date of this report, no option has been granted under the New Share Option Scheme after its adoption.

The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date it was adopted and will end on 15 June 2031.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme of our Group shall not in aggregate exceed 10% of the Shares in issue, such 10% limit represents 683,000,000 Shares while such 10% limit may be refreshed with the sanction of an ordinary resolution by the shareholders of the Company. The maximum number of Shares to be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 30% of the issued share capital of our Company from time to time.

Prior to the date of this report, no option has been granted under the New Share Option Scheme. Therefore, no options were exercised or cancelled or lapsed during the financial year ended 31 December 2021 and there were no outstanding options under the New Share Option Scheme as at 31 December 2021. As at the date of this report, the Company had a total of 683,000,000 Shares available for issue under the New Share Option Scheme (representing 10% of the issued Shares as at the date of this report).

The total number of Shares issued and which may fall to be issued upon exercise of the Options granted under the New Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. An option may be accepted by a participant within 21 days from the date of the offer of grant of the option ("Offer Date"). Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the New Share Option Scheme for the holding of an option before it can be exercised unless specified by the Board at the time of the grant.

The subscription price for Shares under the New Share Option Scheme shall, subject to any adjustments made pursuant to the New Share Option Scheme, be a price determined by the Directors, but shall be at least the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a business day; (ii) the average closing price of Shares as stated in the daily quotations sheets of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a Share. A nominal consideration of HK\$1.00 is payable to the Company on acceptance of the grant of an option.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group employed approximately 322 employees (2020: 335). Total staff costs for the year ended 31 December 2021 was HK\$155,309,000 (2020: HK\$133,882,000). The Group implemented its remuneration policy, bonus and salary based on achievements and performance of the employees. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong and state-managed retirement benefit scheme in the 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 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.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 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 Mining and Resource Recycling Limited ("Parksong"). Parksong indirectly holds 82% interest of YTPAH and Yunnan Tin PRC indirectly holds 18% interest of YTPAH. The Company has participated in the management of the JV through the interest held in YTPAH. YTPAH is an indirect non-wholly owned subsidiary of the Company. BMT is a wholly-owned subsidiary of Metals X which is a company listed on the Australian Securities Exchange.

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 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 90% 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 fluorescence. This preparation has been proven to be appropriate for the style of mineralization being considered.

Quality assurance/quality control 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 >2,065m, a lateral extent of >900m and a depth of over 1,300m.

### Database

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

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

### Estimation and modelling techniques

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

After validating the drillhole data to be used in the estimation, interpretation of the orebody is undertaken in three dimensional orebody wireframe.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

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

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

Tonnage estimates are dry tonnes.

### Cut-Off Grade

The resource reporting cut-off grade is 0.70% 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 requires a zone of 45m having a data density of at least 4 holes, while Inferred material is drilled at greater spacings.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Estimated Tin and Copper Reserves and Resources

For the year ended 31 December 2021, 254 core holes with NQ2 for 56,153 meters of core holes in total have 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 Rentals as at 31 December 2021

PROJECT	TIN			COPPER		
	Tonnes (’000)	Grade (%Sn)	Sn Metal (t)	Tonnes (’000)	Grade (%Cu)	Cu Metal (t)
<b>Measured</b>						
Renison Bell	1,780	1.79	31,800	1,780	0.25	4,500
Rentails	23,886	0.44	104,370	23,886	0.22	52,714
<b>Sub-total</b>	<b>25,666</b>	<b>0.53</b>	<b>136,170</b>	<b>25,666</b>	<b>0.22</b>	<b>57,214</b>
<b>Indicated</b>						
Renison Bell	13,990	1.65	230,600	13,990	0.19	26,400
Rentails	–	–	–	–	–	–
<b>Sub-total</b>	<b>13,990</b>	<b>1.65</b>	<b>230,600</b>	<b>13,990</b>	<b>0.19</b>	<b>26,400</b>
<b>Inferred</b>						
Renison Bell	2,470	1.59	39,100	2,470	0.23	5,600
Rentails	–	–	–	–	–	–
<b>Sub-total</b>	<b>2,470</b>	<b>1.59</b>	<b>39,100</b>	<b>2,470</b>	<b>0.23</b>	<b>5,600</b>
<b>Total Resources</b>						
Renison Bell	18,240	1.65	301,500	18,240	0.20	36,500
Rentails	23,886	0.44	104,370	23,886	0.22	52,714
<b>Total I.M.R</b>	<b>42,126</b>	<b>0.96</b>	<b>405,870</b>	<b>42,126</b>	<b>0.21</b>	<b>89,214</b>

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

During the year under review, an extensive exploration and resources development drilling campaign targeting underground targets was conducted over Renison underground mine. 1,928 meters of capital development and 2,236 meters of operating development were advanced during the year. 8,452 tonnes of tin metal were produced from Renison underground mine and 0 tonne from Mount Bischoff, and processed ores averaged 1.41% Sn. No development or recovery production activities were carried out for Rentails Project.

### Operating Expenses for the year ended 31 December 2021

	HK\$'000
Mining costs	191,946
Processing costs	111,032
Royalty	52,235
Transportation	2,981
Depreciation	108,468
Others	87,392
<b>Total</b>	<b>554,054</b>

### Finance costs for the year ended 31 December 2021

	HK\$'000
Interests on leases liabilities	1,098

For the year ended 31 December 2021, a total of approximately HK\$197,583,000 capital expenditure was incurred for property, plant and equipment, right-of-use assets and exploration and evaluation assets. The details of the expenditure are shown below:

### Capital Expenditure for the year ended 31 December 2021

	HK\$'000
Property, Plant and Equipment, Right-of-Use Assets and Exploration and Evaluation Assets	197,583

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Updated Reserve Estimates for Renison underground mine and Rentails as at 31 December 2021

PROJECT	TIN			COPPER			
	Cut-off %	Tonnes (’000)	Grade (%Sn)	Sn Metal (t)	Tonnes (’000)	Grade (%Cu)	Cu Metal (t)
<b>Proved Reserves<sup>1</sup></b>							
Renison Bell	0.70%	1,397	1.50	20,900	1,397	0.21	3,000
Rentails	–	–	–	–	–	–	–
<b>Sub-total</b>	<b>–</b>	<b>1,397</b>	<b>1.50</b>	<b>20,900</b>	<b>1,397</b>	<b>0.21</b>	<b>3,000</b>
<b>Probable Reserves<sup>1</sup></b>							
Renison Bell	0.70%	6,440	1.38	89,100	6,440	0.19	12,100
Rentails	–	22,310	0.44	99,000	22,310	0.23	51,000
<b>Sub-total</b>	<b>–</b>	<b>28,750</b>	<b>0.65</b>	<b>188,100</b>	<b>28,750</b>	<b>0.22</b>	<b>63,100</b>
<b>Total Mining Reserves<sup>1</sup></b>							
Renison Bell	0.70%	7,837	1.41	110,000	7,837	0.19	16,000
Rentails	–	22,310	0.44	99,000	22,310	0.23	51,000
<b>Total</b>	<b>–</b>	<b>30,147</b>	<b>0.69</b>	<b>209,000</b>	<b>30,147</b>	<b>0.22</b>	<b>67,000</b>

<sup>1</sup>Note: Proven and probable reserves have been calculated as a ratio of the mining reserves proven and probable reserves of 2021. Rounding of values has also been applied as in the October 2021 market release with reserve totals.

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

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Renison Underground Mine

The Renison underground mine is one of the only underground tin mines in Australia and is located on the west coast of Tasmania, 140 kilometers ("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 and down-hole longhole stoping methods are utilized at Rneison. The majority of ore production was sourced from the Heemskirk, Central Federal Bassets, Area 5, Leatherwoods and Huon North Areas. Development ore was also sourced from Area 5 and Leatherwood areas. These two areas form a large part of the mine plan moving forward.

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. As part of the closure planning works and increased tin price environment an assessment of the outstanding resource was re-run. This work involved re-estimation of the orebody and identification of any potential upside followed by a high-level open pit design and optimisation. This work did not identify any meaningful resource and at 2021 year end work is continuing on finalisation of the mine closure plan, with the submission expected late 2022.

### 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 22.3 million tonnes of tailings with an average grade of 0.44% tin and 0.23% copper stored in tailings dams at Renison underground mine. The contained tin within these dams is approximately 99,000 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. An updated feasibility study was re-commenced during 2021 to identify a clear development pathway for the Rentails resource. Work on the study is in two stages with Stage one planned for completion in mid 2022 and Stage two to be completed in 2023 at which stage BMTJV board approval and funding of the proposed development would be sought.

### Renewal of mining lease

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

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### LITIGATION

#### HCA 1357/2011

The legal proceeding 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\$85,736,000), 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 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 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 Group (Holding) Company Limited (“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 (“December Agreement Issue”); and (5) the claimed sum of AUD5,496,266 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 (“Production Shortfall Issue”). On 23 December 2021, GPL and the Company gave notice to Mr. Chan that GPL shall discontinue its counterclaim on the December Agreement Issue. Therefore, the present claims of GPL and the Company are the respective sums of AUD4,728,558, AUD476,393, AUD16,300,000, AUD5,496,266, totaling AUD27,001,217 (approximately of HK\$152,870,000 in total) and damages etc.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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, Mr. Chan has denied the claims made in GPL and the Company D&C.

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 shortfall were confirmed to be approximately 1,520.8 tonnes, 340.6 tonnes and 487.5 tonnes (totaling 2,348.9 tonnes). GPL stated the claim for compensation for the 3-anniversary production shortfall is in the sum of approximately AUD5,496,266 (approximately HK\$31,118,000).

For the 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 the AUD16.3 Million Issue, Called Sum Issue and Production Shortfall Issue was made by GPL and the Company in August 2014. Expert evidence on AUD16.3 Million Issue, Called Sum Issue, Production Shortfall Issue was made by GPL and the Company and Mr. Chan. Yunnan Tin PRC also prepared expert report on UD16.3 Million Issue in September 2020. Joint Report/Statement by the experts were also made in respect of these issues in April 2021.

A hearing of case management conference took place on 18 October 2021 and a direction was made to set the case down for trial with 41 days reserved.

Mr. Chan and GPL and the Company attended a mediation on 16 August 2012 in relation to the disputes in the legal proceedings. In or about December 2021, GPL and the Company attempted mediation with Mr. Chan but Mr. Chan indicated that he did not wish to do mediation again at that moment and might re-consider the same should there be change of circumstances. At present, no settlement has been reached by the parties. The parties are proceeding with the legal proceedings.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 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.

### 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.

# DIRECTORS AND SENIOR MANAGEMENT

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

## EXECUTIVE DIRECTORS

**Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P (丹斯里皇室拿督古潤金 P.S.M., D.P.T.J. J.P)**, aged 63, has been appointed as a non-executive director of the Company since March 2018 and re-designated as an executive director of the Company since 14 April 2020. He is a renowned entrepreneur in Malaysia and the PRC. He has served as a chairman of the board of directors of Perfect Group Holdings Limited (完美集團控股有限公司). He focuses on production and sales work of such company. He is also experienced in company management and merger and acquisition. His remarkable business acumen and savvy has led his entrepreneurial ventures to success both in China and Malaysia and he has received recognitions from wide range of organizations. As at the date of this annual report, he holds 2,013,661,766 shares of the Company, representing approximately 29.48% of the issued share capital of the Company.

**Ms. XIE Yue (謝玥)**, aged 30, has been appointed as an executive director of the Company since August 2017. She has also been appointed as co-chief executive officers of the Company with effect from 14 April 2020. She graduated from the Renmin University of China with a bachelor's degree in law in 2013, and a master degree in management from Imperial College London in the United Kingdom in 2014. Ms. Xie is currently the chief executive officer of So Salad (Shenzhen) Technology Co., Ltd.\* (瘦沙拉 (深圳) 科技有限公司), in charge of the overall management and financing business.

**Dr. HSU Jing-Sheng (許進勝)** (also known as Steven Hsu), aged 51, has been appointed as executive director and co-chief executive officers of the Company with effect from 14 April 2020. He is also the alternate director to Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P, the Chairman of the Board and executive director of the Company. Dr. Hsu is an Attorney at Law both in Taiwan and the PRC and a Registered Foreign Lawyer in Hong Kong. Dr. Hsu graduated from Soochow University with a Bachelor of Laws in 1995. He obtained Master of Laws from the National Chung Cheng University in 1999 and received a degree of executive master of business administration (EMBA) from Tsinghua University in the PRC in 2010. Dr. Hsu obtained his Juris Doctor degree of Law from the Tsinghua University School of Law in the PRC in 2020.

Dr. Hsu has been a senior consultant at Beijing Zhong Yin Law Firm since 2009 and a partner at Zhong Yin Law Firm (Taiwan) since 2014. Dr. Hsu has extensive areas of practice in his legal profession including securities, finance, banking, insurance funds, restructuring merger and acquisition and is currently a Group General Counsel at Perfect Group Holdings Limited, of which Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P is the chairman of the board of directors. Dr. Hsu was a non-executive director of Bay Area Gold Group Limited (Stock Code: 1194) from 2 July 2019 to 14 May 2021, a company listed on the Stock Exchange.

**Mr. Sim Tze Jye (沈士傑)**, aged 41, has been appointed as executive director of the Company with effect from 14 April 2020. Mr. Sim graduated from the University of Bath in the United Kingdom with a Bachelor of Science in Economics and International Development in 2002. Mr. Sim is a director of Perfect Hexagon Limited, a company incorporated in Hong Kong. He is also a director of each of Perfect Hexagon (Singapore) Pte. Ltd. and Takamaya (Singapore) Pte. Ltd., both incorporated in Singapore.

## DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

**Mr. Li Zheng (李征)**, aged 57, has been appointed as executive director of the Company with effect from 23 December 2021. Mr. Li was graduated from Nanchang University (南昌大學) with a Bachelor of Accounting in 2007 through distance learning. Mr. Li received the accountant qualification from the Ministry of Finance in the PRC in May 1997. Since June 2020, Mr. Li has been appointed as the vice general manager of Shenzhen Yongshi Construction Co., Ltd.\* (深圳永實建設有限公司). He was formerly (i) the director of the administration and finance division of Shenzhen Top One Real Estate Development Co., Ltd.\* (深圳拓萬房地產開發有限公司) from April 2008 to September 2009; (ii) the finance director and the general manager of Guangdong L'sea Group Limited\* (廣東利海集團有限公司) from September 2009 to June 2016; and (iii) general manager of Guangzhou Changyue Property Management Co., Ltd.\* (廣州昌躍物業管理有限公司) from June 2016 to November 2021. Mr. Li was a non-executive Director of the Company during the period of 14 April 2020 to 17 July 2020.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Datin Sri Lim Mooi Lang (拿汀斯里林美玲)**, aged 53, has been appointed as an independent non-executive Director since 14 April 2020. Datin Sri Lim graduated from the University of Malaya with a Bachelor of Accounting in 1993. She is a member of the Malaysian Institute of the Certified Public Accountants. She is also a chartered accountant with the Malaysian Institute of Accountants. Datin Sri Lim joined the Lion Group in May 1993, of which she is now a general manager of the Tax, Finance Division. Since January 2020, Datin Sri Lim has been appointed as an independent non-executive director, Sentoria Group Berhad, a company listed on the Bursa Malaysia (stock code: 5213).

**Mr. Kim Wooryang (金宇亮)**, aged 30, has been appointed as an independent non-executive Director since 14 April 2020. Mr. Kim graduated from the Renmin University of China with a Bachelor of Laws in 2014. In September 2015, Mr. Kim joined Qianyang (Hong Kong) Co., Limited\* (乾陽香港有限公司), of which he is now an assistant to the general manager. Mr. Kim has years of work experience in foreign trade with sound networking connections in foreign trade industry.

**Mr. Chan Tin Kwan, Bobby (陳殿群)**, aged 58, has been appointed as an independent non-executive Director since 1 September 2021. Mr. Chan obtained a Bachelor of Engineering in Mechanical Engineering from the Hong Kong Polytechnic, in Hong Kong (which is currently known as the Hong Kong Polytechnic University) in November 1988. Mr. Chan has extensive experience in design and manufacture of assembly machineries in semiconductor industry. Mr. Chan has been currently serving as the technical manager in product development department of ASM Technology Hong Kong Limited, a wholly-owned subsidiary of ASM Pacific Technology Limited (stock code: 00522), since August 1988.

### SENIOR MANAGEMENT

**Mr. Hung Yuk Miu (洪育苗)**, aged 41, has been appointed as the vice president since July 2020, and has been appointed as the company secretary and authorised representative of the Company since November 2020. Mr. Hung has been an audit manager of Deloitte Touche Tohmatsu CPA LLP, Shenzhen branch, PRC. He has also been a Chief Financial Officer and company secretary of two companies listed on the Stock Exchange. Mr. Hung is a certified practising accountant of the Certified Practising Accountant of CPA Australia Ltd. and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Hung is currently a non-executive director of ST International Holdings Company Limited (stock code: 8521), a company listed on GEM of the Stock Exchange. Mr. Hung also served as an independent non-executive director of Shinsun Holdings (Group) Co., Ltd. (Stock code: 2599), a company listed on the Main Board of the Stock Exchange since 1 March 2022.

\* For identification purposes only

# CORPORATE GOVERNANCE REPORT

The Board is committed to maintaining high standard of corporate governance which is reviewed and strengthened on a continued basis. The Company has adopted all the provisions under the “Corporate Governance Code” (the “Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as its own code on corporate governance practice. For the year ended 31 December 2021, the Company had complied with all provisions under the then prevailing Code.

## GOVERNANCE STRUCTURE

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

## BOARD OF DIRECTORS

### Board functions

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

### Board composition

The Board currently comprises eight directors (the “Directors”), including five Executive Directors (the “EDs”), namely, Tan Sri Dato’ KOO Yuen Kim P.S.M., D.P.T.J. J.P (Dr. HSU Jing-Sheng as his alternate), Ms. XIE Yue, Dr. HSU Jing-Sheng, Mr. Li Zheng and Mr. SIM Tze Jye; and three Independent Non-Executive Directors (the “INEDs”), namely, Datin Sri LIM Mooi Lang, Mr. KIM Wooryang and Mr. Chan Tin Kwan, Bobby. The biographical details of the existing Directors and the relationships among them as at the date of this report are set out in the Directors’ and Senior Management’s Profile section on pages 22 to 23 of this annual report. Save as disclosed in this annual report, none of the Directors has any business, financial, or family interests with each other and the Company.

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

## CORPORATE GOVERNANCE REPORT (CONTINUED)

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

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

### Board Delegation

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

### Board, Board committees and general meetings

The total number of the meetings and the individual attendance of each Director in person at each of the meetings during the year ended 31 December 2021 were as follows:

Name of Directors	Number of meeting(s) attended/number of meeting(s) convened within the period of appointment for individual director					
	Board meeting	Remuneration committee meeting	Nomination committee meeting	Audit committee meeting	Annual General Meeting	Extra-Ordinary General Meeting
<b>Executive directors</b>						
Tan Sri Dato’ KOO Yuen Kim P.S.M., D.P.T.J. J.P. <i>(Dr. HSU Jing-Sheng as his alternate)</i> <i>(Chairman)</i>	6/6 (Note 1)	N/A	N/A	N/A	1/1	1/1
Ms. XIE Yue	5/6	3/3	N/A	N/A	0/1	0/1
Dr. HSU Jing-Sheng	6/6	N/A	2/2	N/A	1/1	1/1
Mr. SIM Tze Jye	4/6	N/A	N/A	N/A	1/1	1/1
Mr. LI Zheng (appointed on 23 December 2021)	N/A	N/A	N/A	N/A	N/A	N/A
Mr. WANG Chuanhu (resigned on 23 December 2021)	5/6	N/A	N/A	N/A	1/1	1/1
<b>Independent non-executive directors  (“INED”)</b>						
Datin Sri LIM Mooi Lang	5/6	N/A	N/A	4/4	1/1	1/1
Mr. KIM Wooryang	5/6	2/3	2/2	3/4	0/1	0/1
Mr. CHAN Tin Kwan, Bobby (appointed on 1 September 2021)	2/2	1/1	1/1	1/1	N/A	N/A
Ms. PENG Wenting (resigned on 1 September 2021)	4/4	2/2	1/1	3/3	0/1	0/1

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### Notes:

- (1) The attendance of the Board meeting were attended by Dr. HSU Jing-Sheng, the alternate of Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P.
- (2) The number of meetings as denominator shows the number of the relevant board meetings or board committee meetings during the tenure of the relevant director.

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

Apart from regular Board meetings, the Chairman also held a meeting with the INEDs without the presence of other Directors during the year ended 31 December 2021.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to Code Provision C.1.4 of the Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Each newly appointed Director receives comprehensive, formal and tailored induction at time around the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the Group structure, Board and Board committee meetings procedures, business, management and operations of the Group, etc. and that he/she is fully aware of his responsibilities and obligations under the Listing Rules and applicable regulatory requirements. During the reporting period, each of the Directors has participated in continuous professional development by reading materials relevant to the Director's duties and responsibilities and rules updates so as to develop and refresh their knowledge and skills, and to ensure that their contribution to the Board remains informed and relevant. In addition to the above, Mr. Li Zheng and Mr. Chan Tin Kwan, Bobby also attended seminars organised by professional organisations. The Company Secretary is responsible for keeping records of training taken by each Director.

Name of Directors	Nature of continuous professional development programmes
<b>Executive Directors</b>	
Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P	A
Ms. XIE Yue	A
Dr. HSU Jing-Sheng	A
Mr. LI Zheng	A and B
Mr. SIM Tze Jye	A
Mr. WANG Chuanhu	A
<b>Independent non-executive directors</b>	
Datin Sri LIM Mooi Lang	A
Mr. KIM Wooryang	A
Mr. CHAN Tin Kwan, Bobby	A and B
Ms. PENG Wenting	A

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

B: seminars organised by professional organisations.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

During the year, Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P is the Chairman and Ms. Xie Yue and Dr. Hsu Jing-Sheng are the co-CEO.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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.

### SECURITIES TRANSACTIONS OF THE DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. All Directors have confirmed in writing that, in respect of the year ended 31 December 2021, they have complied with the required standard as set out in the Model Code.

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

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### REMUNERATION COMMITTEE (“RC”)

#### Remuneration Committee functions

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

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

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

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

#### Remuneration Committee composition

The RC comprises two INEDs namely, Mr. Kim Wooryang and Mr. Chan Tin Kwan, Bobby, and one ED namely, Ms. Xie Yue. Mr. Kim Wooryang was appointed as the Chairman of the RC.

#### Remuneration Committee meetings

During the year ended 31 December 2021, the RC had met three times to discuss the remuneration of Directors. The details of the number of the RC meetings held during the year of 2021 and the relevant record of individual attendance of the members of the RC, on a named basis, are shown in the table under the heading “Board, Board committees and general meetings” on page 25 of this corporate governance report.

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

### NOMINATION COMMITTEE (“NC”)

#### Nomination Committee functions

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

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

## CORPORATE GOVERNANCE REPORT (CONTINUED)

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

### Board Diversity Policy

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

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

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

### Nomination Committee composition

The NC comprises two INEDs namely, Mr. Chan Tin Kwan, Bobby, and Mr. Kim Wooryang and one ED namely Dr. Hsu Jing-Sheng. Mr. Chan Tin Kwan, Bobby was appointed as the chairman of the NC.

### Nomination Committee meetings

During the year ended 31 December 2021, the NC had met two times to discuss the structure, size, and composition of the Board; and the appointment of senior management to the Group. The details of the number of the NC meetings held during the year ended 31 December 2021 and the relevant record of individual attendance of the members of the NC, on a named basis, are shown in the table under the heading "Board, Board committees and general meetings" on page 25 of this corporate governance report.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### AUDIT COMMITTEE (“AC”)

#### Audit Committee functions

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

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

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

#### Audit Committee composition

The AC comprises three INEDs namely, Datin Sri Lim Mooi Lang, Mr. Kim Wooryang and Mr. Chan Tin Kwan, Bobby. Datin Sri Lim Mooi Lang, who is a qualified accountant with appropriate professional qualification and experience in financial matters, was appointed as the chairman of the AC. None of the AC members is a member of the former or existing auditors of the Company.

#### Audit Committee meetings

During the year ended 31 December 2021, the AC had met four times to discuss the following matters:

- to review the final results of the Group for the year ended 31 December 2020 prior to recommending them to the Board for approval;
- to review the interim results of the Group for the half year ended 30 June 2021 prior to recommending them to the Board for approval;
- to review the selection and re-appointment of the external auditor of the Company for the year ended 31 December 2021 prior to recommending them to the Board for approval and the Board had agreed with the AC’s view on this matter;
- to discuss with our external auditor the scope of their audit work and respective major findings in interim and annual financial statements and key audit matters included in the independent auditor’s report; and
- to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system.

The details of the number of the AC meetings held during the year ended 31 December 2021 and the relevant record of individual attendance of the members of the AC, on a named basis, are shown in the table under the heading “Board, Board committees and general meetings” on page 25 of this corporate governance report.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

As at the date of this corporate governance report, the AC has reviewed with management the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters including the review of audited consolidated financial statements of the Group for the year ended 31 December 2021 in conjunction with the Group's external auditor.

### AUDITOR'S REMUNERATION

During the year ended 31 December 2021, the Company engaged Deloitte Touche Tohmatsu as the external auditor of the Company to perform audit and non-audit services. The audit service fee was approximately HK\$2,120,000 and non-audit service fee for review of preliminary results announcement, annual review of the Group's continuing connected transactions and review of the condensed consolidated financial statements was approximately HK\$485,000 in total for the year ended 31 December 2021.

### COMPANY SECRETARY

The company secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The company secretary reports to the Board and the Co-CEO. From time to time, the company secretary advises the Board on governance matters and ensures the board procedures, applicable laws, rules and regulations are followed. Mr. Hung Yuk Miu, the Company secretary of the Company, has confirmed that he has taken no less than 15 hours of relevant professional training for the year ended 31 December 2021. For his professional qualifications, please refer to the section headed "Biographical Details Of Directors And Senior Management" in this annual report. He complied with all the required qualifications, experiences and training requirements under the Listing Rules.

### ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing all information and representations contained in the consolidated financial statements for the year ended 31 December 2021 as disclosed in this annual report. The Directors consider that the consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Listing Rules and the Hong Kong Companies Ordinance, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and management with an appropriate consideration to materiality. As at 31 December 2021, the Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis. The statement of the auditors of the Company regarding their responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 50 to 54 of this annual report.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### INTERNAL CONTROL AND RISK MANAGEMENT

#### Risk management and internal control

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

During the financial year ended 31 December 2021, the Company has identified, evaluated and managed significant risks via the following process:

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

#### A. Risk Management and Internal Control Systems Review

To review the effectiveness of the risk management and internal control systems of the Group and to resolve (if any) material internal control defects of the Group for the year ended 31 December 2021, the Company adopted a COSO ERM – Integrated Framework (2004) which is issued by the Committee of Sponsoring Organizations ("COSO") of The Treadway Commission to perform the risk assessment (the "Review") on the Group for the year ended 31 December 2021. The Review is designed to enhance the risk management of the Group through a holistic and integrated framework so that all material risks faced by the Group are identified and appropriately managed to:

- i. promote consistent risk identification, measurement, reporting and mitigation;
- ii. set a common risk language to avoid any conflicting terminology or confusion in risk reporting;
- iii. develop and communicate policies on risk management and controls aligned with the business strategy; and
- iv. enhance reporting to provide transparency of risks across the Group.

During the Review, the Company conducted the following procedures:

- interviewing with department head and management to identify the risks over the Company business units;
- quantifying the risks by financial data and market searches; and
- prioritizing the identified risks as high, medium and low risk.

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

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### B. Group Risk Report

In 2021, the Company conducted an annual Groupwide review based on the Group's ERM Framework to assess the risks relevant to the existing businesses of the Group. The Group Risk Report for 2021 was compiled to cover: (i) the top risks of the Group; and (ii) associated action plans and controls designed to mitigate the top risks, where applicable, at appropriate levels.

### C. Internal Audit Function

The Company does not have an internal audit function and the Board has entrusted the Audit Committee with the responsibility to oversee the risk management and internal control systems of the Group on an on-going basis and to review the effectiveness of the systems annually. The review covered all material controls, including financial, operational and compliance controls. Under the Company's risk management and internal control structure, the management is responsible for the design, implementation and maintenance of risk management and internal control systems to ensure, amongst others, (i) appropriate policies and control procedures have been designed and established to safeguard the Group's assets against improper use or disposal; (ii) relevant laws, rules and regulations are adhered to and complied with; and (iii) reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements.

### D. Management's confirmation on risk management

Based on the risk management mechanism and internal audit review activities mentioned in the aforementioned paragraphs, the management of the Group has confirmed to the Board that the Group had maintained an effective and adequate risk management mechanism and internal control system during the financial year ended 31 December 2021.

### Handling and Dissemination of Inside Information

The Inside Information Policy sets out the procedures and internal controls for handling and dissemination of inside information in a timely manner in such a way to avoid placing any person in a privileged dealing position. The Inside Information Policy also provides guidelines to employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory and listing rule disclosure requirements. The Company has appropriate internal control and reporting systems to identify and assess potential inside information. Dissemination of inside information of the Company shall be conducted by publishing the relevant information on the websites of the Stock Exchange and the Company, according to the requirements of the Listing Rules.

## COMPLIANCE COMMITTEE

The Board has assigned a compliance committee (the "CC") comprised of the company secretary and led by an executive Director to monitor and oversee all transactions in relation to the Listing Rules. The CC is also responsible for performing the functions set out in Code provision A.2.1. The CC will meet to develop, review and monitor the Company's corporate governance policies and practices, to review and monitor training and continuous professional development of Directors and senior management, to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors and to review the compliance of the Company and the disclosure in the corporate governance report.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

During the year ended 31 December 2021, in relation to the corporate governance functions, the CC has held a meeting and has reviewed the Company's compliance with the Code and the regulatory and statutory requirements, and the disclosure in the corporate governance report.

### DIVIDEND POLICY

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

### SHAREHOLDERS' RIGHTS

#### Right to Convene General Meeting

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

#### Right to Put Forward Proposals at General Meetings

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

#### Right to Put Enquiries to the Board

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

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

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

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### Investor Relations

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

To strengthen the investors' relationship, the Company provides different ways for investors to access the soft and hard copies of the Company's information. The printed Shareholders can obtain corporate communications both English and Chinese language from the following websites:

- (a) [www.hkexnews.hk](http://www.hkexnews.hk)
- (b) [www.green-technology.com.hk](http://www.green-technology.com.hk)

### Constitution

During the year ended 31 December 2021, there had been no change in the Company's constitutional document.

An up-to-date version of the memorandum and articles of association of the Company is available on both the websites of the Stock Exchange and the Company.

# DIRECTORS' REPORT

The Board herein presents the annual report and the audited consolidated financial statements (the "Consolidated Financial Statements") of the Group for the year ended 31 December 2021.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and providing corporate management services to its subsidiaries. The principal activities of the major subsidiaries of the Company are exploration, development and mining of tin and copper bearing ores in Australia through a joint operation and trading of gold products in Hong Kong. Details of the principal activities and other particulars of the subsidiaries are set out in note 41 to the Consolidated Financial Statements.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 55. The directors do not recommend the payment of a dividend for the year ended 31 December 2021. An analysis of the principal risks and uncertainties facing the Group is set out in the Management Discussion and Analysis on Page 7 to 8 of this Annual Report.

## BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are set out in the Chairman Statement as well as the Management Discussion and Analysis on pages 3 to 4 and pages 5 to 21 of this Annual Report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the Group's Five-year Financial Summary on page 132 of this Annual Report.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2021 are set out in note 16 to the Consolidated Financial Statements.

## SHARE CAPITAL AND SHARE OPTIONS

There was no movement in the share capital and no outstanding share options of the Company during the year ended 31 December 2021.

## EQUITY-LINKED AGREEMENTS

No equity-linked agreement will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company for the year ended 31 December 2021 or subsisted at the end of the year 31 December 2021.

## DIRECTORS' REPORT (CONTINUED)

### DISTRIBUTABLE RESERVE OF THE COMPANY

As at 31 December 2021, the Company's reserves available for distribution to shareholders were as follows:

	HK\$'000
Share premium	950,427
Accumulated losses	(90,128)
Translation reserve	(156,809)
	703,490

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

### TAXATION OF HOLDERS OF SHARES

#### (a) Hong Kong

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

#### (b) Cayman Islands

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

#### (c) Professional tax advice recommended

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

## DIRECTORS' REPORT (CONTINUED)

### DIRECTORS

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

#### Executive Directors

Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P.  
*(Dr. HSU Jing-Sheng as his alternate) (Chairman)*  
Ms. XIE Yue *(Co-Chief Executive Officer)*  
Dr. HSU Jing-Sheng *(Co-Chief Executive Officer)*  
Mr. LI Zheng (appointed on 23 December 2021)  
Mr. SIM Tze Jye  
Mr. WANG Chuanhu (resigned on 23 December 2021)

#### Independent Non-executive Directors

Datin Sri LIM Mooi Lang  
Mr. KIM Wooryang  
Mr. Chan Tin Kwan, Bobby (appointed on 1 September 2021)  
Ms. PENG Wenting (resigned on 1 September 2021)

As disclosed in the announcement of the Company dated 27 August 2021, Ms. Peng Wenting has resigned as an independent non-executive Director in order to devote more time to her other business commitments. As disclosed in the announcement of the Company dated 23 December 2021, Mr. Wang Chuanhu has resigned as an executive Director in order to devote more time to his other business commitments.

### DIRECTORS' SERVICE CONTRACTS

Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P, Dr. Hsu Jing-Sheng, Mr. Sim Tze Jye, Datin Sri Lim Mooi Lang and Mr. Kim Wooryang has entered into a service contract with the Company for a term of 3 years commencing from 14 April 2020 until terminated by not less than three months' notice in writing served by either party on the other.

Ms. Xie Yue has entered into a service contract with the Company for a term of 3 years commencing from 1 November 2020 until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Chan Tin Kwan, Bobby has entered into a service contract with the Company for a term of 3 year commencing from 1 September 2021 until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Li Zheng has entered into a service contract with the Company for a term of 3 years commencing from 23 December 2021 until terminated by not less than three months' notice in writing served by either party on the other.

None of the Directors has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' REPORT (CONTINUED)

### PERMITTED INDEMNITY PROVISION

Article 167(1) of the Company's Articles of Association provide that every Director or other officer of the Company shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty provided that the indemnity shall not be extended to any matter in respect of any fraud or dishonesty which may be attached to any of the relevant Director or officer of the Company. The Company has purchased and maintained Directors' liability insurance during the year ended 31 December 2021 and as at the date of this Annual Report, which provides appropriate cover for the Directors.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Save as disclosed below, as at 31 December 2021, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be recorded in the register to be kept pursuant to section 352 of the SFO or as otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code.

#### Long Position in the shares of the Company

Name of Director	Capacity	No. of ordinary shares held in the Company (long position)	approximate % of issued share capital of the Company
Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P	Beneficial owner	1,213,661,766	17.77%
	Security interest (note)	800,000,000	11.71%
			29.48%

Note: On 17 July 2020, (a) Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P and Ms. Fu Jingqi entered into a sale and purchase agreement ("Sale and Purchase Agreement") to (i) transfer 800,000,000 shares to Ms. Fu Jingqi at the consideration of HK\$160,000,000, which was satisfied by a promissory note issued by Ms. Fu Jingqi; and (ii) impose obligations and restrictions on Ms. Fu Jingqi to her use, retention and/or disposal of the said 800,000,000 shares; and (b) Ms. Fu Jingqi executed a legal charge over, among others, the said 800,000,000 shares in favour of Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P as security.

**DIRECTORS' REPORT (CONTINUED)****SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

Save as disclosed below, as at 31 December 2021, so far as the Directors were aware, no other persons (other than the Directors or chief executive of the Company) or entities had any interests or short positions in the Shares or underlying Shares of the Company, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO.

As at 31 December 2021, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) and entities had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO:

**Interests in shares in the Company**

Name of Shareholder	Capacity	No. of ordinary shares held (Note 1)	approximate % of issued share capital of the Company
Ren Ming Hong (Note 2)	Interest of controlled corporation	1,700,000,000(L)	24.89%
Amazing Express International Limited (Note 2)	Interest of controlled corporation	1,700,000,000(L)	24.89%
Excel Jumbo International Limited (Note 2)	Interest of controlled corporation	1,700,000,000(L)	24.89%
Yu Tao (Note 3)	Interest of controlled corporation	1,700,000,000(L)	24.89%
新余銘沃投資管理中心 (Notes 3 and 4)	Interest of controlled corporation	1,700,000,000(L)	24.89%
上海港美信息科技中心 (Notes 3 and 4)	Interest of controlled corporation	1,700,000,000(L)	24.89%
杭州賽旭通投資管理有限公司 (Note 4)	Interest of controlled corporation	1,700,000,000(L)	24.89%
北京賽伯樂綠科投資管理有限公司 (Note 4)	Interest of controlled corporation	1,700,000,000(L)	24.89%
賽伯樂綠科 (上海) 投資管理有限公司 (Note 4)	Interest of controlled corporation	1,700,000,000(L)	24.89%
賽伯樂綠科 (深圳) 投資管理有限公司 (Note 4)	Interest of controlled corporation	1,700,000,000(L)	24.89%
Zhu Min (Note 4)	Interest of controlled corporation	1,700,000,000(L)	24.89%
杭州悠然科技有限公司 (Note 4)	Interest of controlled corporation	1,700,000,000(L)	24.89%
賽伯樂投資集團有限公司 (Note 4)	Interest of controlled corporation	1,700,000,000(L)	24.89%
Cybernaut Greentech Investment Holding (HK) Limited (i.e. Cybernaut) (Notes 2, 3 and 4)	Beneficial owner	1,700,000,000(L)	24.89%
Fu Jingqi (Note 5)	Beneficial owner	800,000,000(L)	11.71%
		800,000,000(S)	11.71%

## DIRECTORS' REPORT (CONTINUED)

Notes:

- (1) The letter "L" denotes the long position in the shares of the Company and the letter "S" denotes the short position in the shares of the Company.
- (2) Ren Ming Hong controlled 100% of the equity interest in Amazing Express International Limited, which controlled 100% of the equity interest in Excel Jumbo International Limited. Excel Jumbo International Limited controlled 50% of the equity interest in Cybernaut. Therefore, Ren Ming Hong, Amazing Express International Limited and Excel Jumbo International Limited were deemed to be interested in 1,700,000,000 shares in the Company held by Cybernaut.
- (3) Yu Tao controlled 99% of the equity interest in 新余銘沃投資管理中心, which controlled 99% of the equity interest in 上海港美信息科技中心. 上海港美信息科技中心 controlled 50% of the equity interests in Cybernaut. Therefore, Yu Tao, 新余銘沃投資管理中心 and 上海港美信息科技中心 were deemed to be interested in 1,700,000,000 shares in the Company held by Cybernaut.
- (4) Zhu Min controlled 90% of the equity interest in 杭州悠然科技有限公司, which controlled 91% of the equity interest in 賽伯樂投資集團有限公司. 賽伯樂投資集團有限公司 controlled 75% of the equity interest in 北京賽伯樂綠科投資管理有限公司. 北京賽伯樂綠科投資管理有限公司 controls 95% of the equity interest in 賽伯樂綠科(上海)投資管理有限公司, which controlled 50% of the equity interest in 杭州賽旭通投資管理有限公司, 杭州賽旭通投資管理有限公司 controlled 1% of the equity interest in 上海港美信息科技中心. Furthermore, 北京賽伯樂綠科投資管理有限公司 controlled 95% of the equity interest in 賽伯樂綠科(深圳)投資管理有限公司, which held 1% of the equity interest in 新余銘沃投資管理中心. 新余銘沃投資管理中心 controlled 99% of the equity interest in 上海港美信息科技中心. 上海港美信息科技中心 controlled 50% of the equity interests in Cybernaut. Therefore, Zhu Min, 杭州悠然科技有限公司, 賽伯樂投資集團有限公司, 北京賽伯樂綠科投資管理有限公司, 賽伯樂綠科(上海)投資管理有限公司, 杭州賽旭通投資管理有限公司 and 賽伯樂綠科(深圳)投資管理有限公司 were deemed to be interested in 1,700,000,000 shares in the Company held by Cybernaut.
- (5) The 800,000,000 shares of the Company are charged by Ms. Fu Jingqi in favour of Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P as security for the performance by Ms. Fu Jingqi of her obligations under the Sale and Purchase Agreement.

## DIRECTORS' INTEREST AND CONTROLLING SHAREHOLDERS' INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 39 to the audited consolidated financial statements, there were no transaction, arrangement, or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which any Director or any entities connected with a Director, the controlling shareholder of the Company, the substantial Shareholders had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year ended 31 December 2021.

## MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning management and administration of the whole or any substantial part of the Company's business was entered into or existed during the year ended 31 December 2021.

## DIRECTORS' REPORT (CONTINUED)

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2021 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### CHANGE IN DIRECTORS' AND CHIEF EXECUTIVES' INFORMATION

Save as disclosed in the section headed "Directors and Senior Management" in this report, no change in information of Directors and chief executives is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2021, none of the Directors had any interest in a business which competed with or might compete with the business of the Group.

### BREACH OF LOAN AGREEMENT

An unsecured loan (the "Loan") granted to the Group by Cybernaut Greentech Investment Holding (HK) Limited (the "Lender"), a substantial shareholder of the Company holding approximately 24.89% of the entire issued share capital of the Company as at the date of this report, matured on 31 March 2020. The Loan is guaranteed by Mr. Xie Haiyu, a former shareholder of the Company and is an interest-bearing loan at a fixed rate of 8% per annum. Interest on overdue balances is determined based on 3-month Hong Kong Interbank Offered Rate plus 2% per annum and is accrued on a daily basis. As at 31 December 2021, the total amount of principal and interest of the Loan outstanding was HK\$66,078,000.

Prior to the date of this Annual Report, the Group has paid approximately HK\$1.4 million to the order of the Lender as repayment of part of the outstanding sum and all remaining balance remained outstanding as at the date of this Annual Report.

The Company is still in the course of negotiation with the Lender on the terms of the extension of the maturity date of the Loan.

Please refer to the announcement of the Company dated 1 April 2020 for more details. Further announcement(s) will be made by the Company as and when appropriate or as required under the Listing Rules.

### MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2021, the percentages of sales attributable to the Group's largest customer and two largest customers were 81% and 100%, respectively. The percentages of purchases from the Group's largest supplier and the five largest suppliers were approximately 38% and 82%, respectively.

During the year ended 31 December 2021, none of the Directors or any of their close associates, or any Shareholders of the Company (which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in any of the Group's five largest suppliers or customers.

## DIRECTORS' REPORT (CONTINUED)

### CONTINUING CONNECTED TRANSACTIONS

The following transactions of the Group constituted non-exempt continuing connected transactions for the Company for the year ended 31 December 2021 and are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### (a) 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 Company Limited ("YTHK"), which is owned as to 82% by the Company and 18% by Yunnan Tin PRC. Yunnan Tin PRC indirectly holds 100% equity interest in YTATR. As such, YTATR is a connected person of the Company by virtue of being a subsidiary of the substantial shareholder of YTHK. Accordingly, the transaction contemplated under the Tin Supply Contract constitutes continuing connected transactions 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 ended 31 December 2020, HK\$765 million for the year ended 31 December 2021 and HK\$77 million from 1 January 2022 to 31 January 2022. On 19 October 2021, the Company has revised the annual cap for the year ending 31 December 2021 and for the one month ending 31 January 2022 to HK\$1.2 billion and HK\$140 million respectively. The price of tin concentrates per dry metric ton was agreed by the parties to the Tin Supply Contract after taking into account that (i) the LME cash settlement average price of tin metal; (ii) the treatment charge per dry metric ton; (iii) deduction based on the final tin content; and (iv) penalty for impurity. It was agreed that the YTATR pays 85% of the provisional value of each lot within three working days after the YTATR receives all shipment documents and the remaining part will be settled within 10 working days after the final analysis and weights of tin concentrates confirmed by both YTPAH and YTATR.

The revenue under the Tin Supply Contract for the year ended 31 December 2021 amounted to approximately HK\$979,884,000.

On 23 December 2021, YTPAH entered into a new tin supply contract with YTATR, pursuant to which YTPAH agreed to supply tin concentrates (the "New Tin Supply Contract") to YTATR for the period from 1 February 2022 to 31 January 2025.

The annual caps for the transactions contemplated under the New Supply Contract are approximately HK\$1.8 billion from 1 February 2022 to 31 December 2022, HK\$2 billion for the year ending 31 December 2023, HK\$2 billion for the year ending 31 December 2024 and HK\$180 million from 1 January 2025 to 31 January 2025.

For details, please refer to the announcements of the Company dated 31 January 2019, 19 October 2021 and 23 December 2021.

## DIRECTORS' REPORT (CONTINUED)

### (b) Agency fees in respect of trading of gold products

Greentech Technology International Development Limited ("Greentech Development"), a wholly-owned subsidiary of the Company, entered into a service agreement on 3 December 2020 and a first addendum to the service agreement on 30 April 2021 (together, the "Service Agreement") with Perfect Hexagon Limited ("Agent") whereas the Agent would provide sourcing and processing services in respect of kilobar gold with 99.9% purity for a term commencing on 3 December 2020 to 31 December 2022. The Agent would assist Greentech Development to secure the gold supplier (who would be an independent third party) and Greentech Development would be responsible to make the payment directly to the selected supplier. The Agent would be responsible for ensuring the kilobar gold delivered by the supplier was of merchantable quality and conformed to the specification and quantities set out in each of the purchase orders. The Agent would charge a total service fee of USD5.20 per troy ounce for processing the kilobar gold for Greentech Development. The Agent is owned as to 40.12% by Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P, the Chairman, an executive Director and a substantial shareholder of the Company, and is therefore an associate of Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P and hence a connected person of the Company. The remaining 59.88% interest in the Agent is owned by Mr. Sim Tze Shiong and Mr. Tan Jyh Yaong as to 29.94% each. Mr. Sim Tze Shiong is the brother of Mr. Sim Tze Jye, an executive Director while Mr. Tan Jyh Yaong, to the best knowledge of the Directors, having made all reasonable enquiries, is an independent third party not connected with the Company or its connected persons. The annual caps of the service fee payable by Greentech Development to the Agent for the term of the Service Agreement is subject to annual caps of USD263,314 (equivalent to approximately HK\$2,040,684) for the period from 3 December 2020 to 31 December 2020 and USD2,457,600 (equivalent to approximately HK\$19,046,400) for each of the financial years ending on 31 December 2021 and 2022.

The total amount of service fee under the Service Agreement for the year ended 31 December 2021 amounted to approximately HK\$12,244,000.

For details, please refer to the announcements of the Company dated 3 December 2020, 7 December 2020 and 30 April 2021.

## DIRECTORS' REPORT (CONTINUED)

### (c) Annual review

The INEDs have reviewed and confirmed that the continuing connected transactions contemplated under the Tin Supply Contract and the Service Agreement were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreement governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. Pursuant to 14A.56 of the Listing Rules, the Company has engaged the Company's external auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified assurance report containing the conclusions in respect of the continuing connected transactions as disclosed by the Group in pages 44 to 45 in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange. The Company confirms that they have complied with the disclosure requirements with respect to those continuing connected transactions in accordance with Chapter 14A of the Listing Rules.

## FULLY EXEMPT CONNECTED TRANSACTIONS

The following transactions of the Group constituted fully exempt connected transactions for the Company for the year ended 31 December 2021 pursuant to Rule 14A.90 of the Listing Rules.

### (a) Loan from Cybernaut

An unsecured loan ("Cybernaut Loan") from Cybernaut Greentech Investment Holding (HK) Limited ("Cybernaut"), a substantial shareholder of the Company holding 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 borrowing was originally with a maturity date on 31 March 2019 and subsequently extended to a maturity date on 31 March 2020 with fixed interest rate of 8% per annum. As at 31 December 2021, the outstanding loan was unsettled while no further supplementary loan extension agreement was entered into between the Company and Cybernaut.

As stated in the loan agreement, interest on overdue balances are determined based on 3-month Hong Kong Interbank Offered Rate ("HIBOR") plus 2% per annum and is accrued on a daily basis as penalty in addition to the original fixed rate of 8% per annum. The accrued interests are due upon the principal repayment.

As at 31 December 2021, the carrying amount of such borrowing was HK\$66,078,000, which included accrued interest payable of HK\$32,099,000.

Prior to the date of this annual report, the Group has paid approximately HK\$1.4 million to the order of the Lender as repayment of part of the outstanding sum and all remaining balance remained outstanding as at the date of this annual report. As at the date of this annual report, the Group is still in negotiation with Cybernaut on the terms of the extension of the Cybernaut Loan

## DIRECTORS' REPORT (CONTINUED)

Despite the Cybernaut Loan constituted financial assistance received by the Group from a connected person and therefore a connected transaction of the Company under Chapter 14A of the Listing Rules, as such loan was provided to the Group on normal commercial terms or better and was not secured by the assets of the Group, it was fully exempt pursuant to Rule 14A.90 of the Listing Rules.

In respect of the breach of loan, please refer to the announcement of the Company dated 1 April 2020 and the disclosure under the section headed "Breach of Loan Agreement" in this annual report.

### (b) Loan from Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P

In connection with the transactions contemplated under the Service Agreement, pursuant to a loan agreement dated 3 December 2020, Greentech Development borrowed a loan of USD30,000,000 (equivalent to approximately HK\$232,574,000) from Tan Sri Dato' KOO Yuen Kim, the Chairman, executive Director and a substantial shareholder of the Company with 29.48% equity interest in the Company, for a one-year term commencing from the date of withdrawal of the full amount of the loan. The interest rate of the loan is 6% per annum, which would be payable half-yearly. The loan would be used by Greentech Development for the purposes of gold processing and trading and conducting normal business activities. The loan was fully repaid on 23 December 2021.

Despite the loan constituted financial assistance received by the Group from a connected person and therefore a connected transaction of the Company under Chapter 14A of the Listing Rules, as such loan was provided to the Group on normal commercial terms or better and was not secured by the assets of the Group, it was fully exempt pursuant to Rule 14A.90 of the Listing Rules.

For details, please refer to the announcement of the Company dated 3 December 2020.

## RELATED PARTY TRANSACTIONS

Details of the information in relation to the related party transactions of the Group during the year are set out in note 39 to the Consolidated Financial Statements. Save as disclosed in the sections headed "Continuing Connected Transactions" and "Fully Exempt Connected Transactions" above, there were no other related party transactions during the year which fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

## EMOLUMENT POLICY

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

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

## DIRECTORS' REPORT (CONTINUED)

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2021.

### PRE-EMPTIVE RIGHTS

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

### RETIREMENT BENEFIT SCHEMES

Other than operating a Hong Kong Mandatory Provident Fund Scheme and participating in the state-managed retirement benefit scheme in Australia, the PRC and Vietnam, the Group has not operated any other retirement benefit schemes for the Group's employees. Particulars of the retirement benefit schemes are set out in note 37 to the Consolidated Financial Statements.

### CORPORATE GOVERNANCE CODE

In the opinion of the Directors, except the deviations disclosed in the section headed Deviations from the Code Provisions in the Corporate Governance Report, the Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2021.

### EVENT AFTER THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Subsequent to the year ended 31 December 2021, a loan facility agreement in respect of a sum of USD100,000,000 was signed with Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P, an executive director of the Company and a shareholder with 29.48% equity interest in the Company as at 31 December 2021. The loan facility agreement was entered into on 17 January 2022 with a maturity date of one year after first withdrawal. The loan facility agreement was interest-bearing at a fixed rate of 6% per annum. The loan facility is not secured by any assets of the Group. On 3 March 2022, USD30,000,000 was drawn down.

Save as disclosed, there has been no other significant event affecting the Group after the financial year ended 31 December 2021 and up to the date of this report.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2021.

## DIRECTORS' REPORT (CONTINUED)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the INEDs, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs to be independent.

### AUDIT COMMITTEE

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

The Group's consolidated financial statements for the year ended 31 December 2021 have been reviewed by the audit committee of the Company, who are of the opinion that such statements comply with the applicable accounting standards and legal requirements, and that adequate disclosures have been made.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules during the year ended 31 December 2021 and as at the latest practicable date prior to the issue of this report.

### FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 132.

### AUDITOR

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

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

On behalf of the Board

**Xie Yue**  
*Executive Director*

29 March 2022

# INDEPENDENT AUDITOR'S REPORT

# Deloitte.

# 德勤

## TO THE SHAREHOLDERS OF GREENTECH TECHNOLOGY INTERNATIONAL LIMITED

*(incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Greentech Technology International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 55 to 131, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Impairment assessment on mining related property, plant and equipment, right-of-use assets and exploration and evaluation assets</i></b></p> <p>We identified the impairment assessment on mining related property, plant and equipment, right-of-use assets and exploration and evaluation assets as a key audit matter due to significant judgement and estimates involved by the management of the Group in determining the recoverable amount of the cash-generating unit during the value in use assessment.</p> <p>For the impairment assessment of the Group's mining related property, plant and equipment (which mainly include the mine properties and developments, buildings, construction in progress and machineries for the mine operation), right-of-use assets and exploration and evaluation assets, the recoverable amount of the cash-generating unit was determined based on the higher of fair value less costs of disposal and value in use which is based on discounted cash flow method taking into account a suitable discount rate. Significant change in future price of tin concentrate, and forward exchange rate of United States Dollar ("USD") against Australian Dollar ("AUD") and discount rate in the discounted cash flow, among the other things, may result in additional impairment loss or reversal of impairment loss on the mining assets.</p> <p>The Group has mining related property, plant and equipment, right-of-use assets and exploration and evaluation assets of HK\$416.4 million, HK\$23.4 million and HK\$422.7 million respectively as at 31 December 2021. Reversal of impairment losses was recognised in respect of the mining related exploration and evaluation assets of HK\$257.1 million during the current year. Further details of the impairment assessment on the Group's mining related property, plant and equipment, right-of-use assets and exploration and evaluation assets are outlined in note 16 to the consolidated financial statements.</p>	<p>Our procedures in relation to the impairment assessment on mining related property, plant and equipment, right-of-use assets and exploration and evaluation assets included:</p> <ul style="list-style-type: none"> <li>• obtaining an understanding of management's process of reviewing the impairment assessment on mining related property, plant and equipment, right-of-use assets and exploration and evaluation assets;</li> <li>• evaluating the appropriateness of the model used by the management to determine the recoverable amount of the cash-generating unit;</li> <li>• challenging the reasonableness of the key management assumptions (including the future market price of tin concentrate, the AUD/USD exchange rates and the discount rates) used in the model, with the assistance of our internal valuation specialist, against available market data and certain company-specific parameters;</li> <li>• evaluating the reasonableness of other key input data in the model by comparing to the latest mine plan and historical performance of the cash-generating unit and/or checking against relevant supporting documents; and</li> <li>• considering the sufficiency of the disclosures in respect of impairment assessment included in the consolidated financial statements.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### OTHER INFORMATION

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

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

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

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

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

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

#### **Deloitte Touche Tohmatsu**

Certified Public Accountants

Hong Kong

29 March 2022

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	5	5,251,919	664,300
Cost of sales		(4,805,844)	(627,956)
Gross profit		446,075	36,344
Other income	7	476	1,011
Administrative expenses		(34,524)	(36,379)
Other expenses	8	(7,594)	(18,197)
Other gains and losses	9	(21,043)	459
Impairment loss under expected credit loss model on other receivable	34(b)	–	(2,600)
Finance costs	10	(18,582)	(5,602)
Reversal of impairment loss recognised on property, plant and equipment	16	–	18,811
Reversal of impairment loss recognised on exploration and evaluation assets	18	257,078	9,256
Profit before taxation		621,886	3,103
Taxation	12	(197,696)	(13,594)
Profit (loss) for the year	13	424,190	(10,491)
Other comprehensive (expense) income for the year			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		(37,259)	43,798
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(4)	(60)
Reclassification of cumulative translation reserve upon disposal of foreign operations		–	(3,657)
Other comprehensive (expense) income for the year		(37,263)	40,081
Total comprehensive income for the year		386,927	29,590
Profit (loss) for the year attributable to:			
Owners of the Company		349,815	(25,663)
Non-controlling interests		74,375	15,172
		424,190	(10,491)
Total comprehensive income for the year attributable to:			
Owners of the Company		313,533	15,804
Non-controlling interests		73,394	13,786
		386,927	29,590
Earnings (loss) per share			
Basic (HK cents)	14	5.1	(0.4)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	16	<b>417,299</b>	344,237
Right-of-use assets	17	<b>23,440</b>	30,028
Exploration and evaluation assets	18	<b>422,711</b>	183,822
Deposits	19	<b>20,815</b>	21,968
		<b>884,265</b>	580,055
<b>Current assets</b>			
Inventories	20	<b>68,330</b>	195,557
Trade receivables	21	<b>83,368</b>	45,086
Advance payments to a supplier	22	–	93,449
Other receivables, prepayments and deposits		<b>17,462</b>	12,169
Equity security at fair value through profit or loss (“FVTPL”)		<b>7</b>	–
Tax recoverable		–	21,182
Derivative financial instruments	23	<b>941</b>	584
Bank balances and cash	24	<b>267,051</b>	102,662
		<b>437,159</b>	470,689
<b>Current liabilities</b>			
Trade payables	25	<b>38,674</b>	32,699
Other payables and accruals	26	<b>106,548</b>	117,909
Shareholders’ borrowings	27	<b>66,078</b>	296,256
Lease liabilities	28	<b>11,183</b>	9,543
Tax payable		<b>63,998</b>	–
Derivative financial instruments	23	<b>1,923</b>	–
Dividend payable to a non-controlling shareholder of a subsidiary		<b>31,564</b>	6,976
		<b>319,968</b>	463,383
<b>Net current assets</b>		<b>117,191</b>	7,306
<b>Total assets less current liabilities</b>		<b>1,001,456</b>	587,361

**CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION (CONTINUED)**

As at 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Capital and reserves			
Share capital	29	<b>34,150</b>	34,150
Reserves		<b>728,087</b>	414,554
Equity attributable to owners of the Company		<b>762,237</b>	448,704
Non-controlling interests		<b>35,749</b>	(6,081)
Total equity		<b>797,986</b>	442,623
Non-current liabilities			
Lease liabilities	28	<b>11,401</b>	13,119
Deferred tax liabilities	30	<b>110,224</b>	61,744
Provision for rehabilitation	31	<b>81,845</b>	69,875
		<b>203,470</b>	144,738
		<b>1,001,456</b>	587,361

The consolidated financial statements on pages 55 to 131 were approved and authorised for issue by the Board of Directors on 29 March 2021 and are signed on its behalf by:

**XIE YUE**  
DIRECTOR

**HSU JING-SHENG**  
DIRECTOR

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total HK\$'000
	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		
At 1 January 2020	34,150	950,427	(141,437)	7,800	(1,280)	(416,760)	432,900	(12,351)	420,549
(Loss) profit for the year	-	-	-	-	-	(25,663)	(25,663)	15,172	(10,491)
Exchange differences on translation from functional currency to presentation currency	-	-	45,184	-	-	-	45,184	(1,386)	43,798
Exchange differences arising on translation of foreign operations	-	-	(60)	-	-	-	(60)	-	(60)
Reclassification of cumulative translation reserve upon disposal of foreign operations	-	-	(3,657)	-	-	-	(3,657)	-	(3,657)
Total comprehensive income (expense) for the year	-	-	41,467	-	-	(25,663)	15,804	13,786	29,590
Dividend declared to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	(7,516)	(7,516)
At 31 December 2020	34,150	950,427	(99,970)	7,800	(1,280)	(442,423)	448,704	(6,081)	442,623
Profit for the year	-	-	-	-	-	<b>349,815</b>	<b>349,815</b>	<b>74,375</b>	<b>424,190</b>
Exchange differences on translation from functional currency to presentation currency	-	-	<b>(36,278)</b>	-	-	-	<b>(36,278)</b>	<b>(981)</b>	<b>(37,259)</b>
Exchange differences arising on translation of foreign operations	-	-	<b>(4)</b>	-	-	-	<b>(4)</b>	-	<b>(4)</b>
Total comprehensive (expense) income for the year	-	-	<b>(36,282)</b>	-	-	<b>349,815</b>	<b>313,533</b>	<b>73,394</b>	<b>386,927</b>
Dividend declared to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	<b>(31,564)</b>	<b>(31,564)</b>
At 31 December 2021	<b>34,150</b>	<b>950,427</b>	<b>(136,252)</b>	<b>7,800</b>	<b>(1,280)</b>	<b>(92,608)</b>	<b>762,237</b>	<b>35,749</b>	<b>797,986</b>

Notes:

- (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.
- (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 assets of that subsidiary).

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
<b>OPERATING ACTIVITIES</b>			
Profit before taxation		621,886	3,103
Adjustments for:			
Interest income		(21)	(257)
Finance costs		18,582	5,602
Loss (gain) on disposal of property, plant and equipment		3	(3,001)
Gain on derecognition of right-of-use assets and lease liabilities		–	(92)
Gain on disposals of subsidiaries	32	(1,800)	(3,572)
Impairment loss under expected credit loss model on other receivable		–	2,600
Reversal of impairment loss recognised on property, plant and equipment		–	(18,811)
Reversal of impairment loss recognised on exploration and evaluation assets		(257,078)	(9,256)
Depreciation of property, plant and equipment		99,699	63,308
Depreciation of right-of-use assets		10,662	10,725
Fair value loss of equity security at FVTPL		5	–
Fair value loss (gain) on derivative financial instruments		31,024	(584)
Adjustments on provision for rehabilitation cost		2,304	(1,068)
Covid-19-related rent concessions		(60)	–
Unrealised foreign exchange loss (gain)		2	(5,546)
Operating cash flows before movements in working capital		525,208	43,151
Decrease (increase) in inventories		124,182	(146,714)
Increase in trade receivables		(41,923)	(22,886)
Decrease (increase) in advance payments to a supplier		93,694	(93,494)
Decrease (increase) in other receivables, prepayments and deposits		2,178	(6,319)
Decrease in deposits		–	121
Increase in trade payables		7,932	2,595
(Decrease) increase in other payables and accruals		(5,441)	3,535
Net settlement of derivative financial instruments		(29,441)	–
Cash generated from (used in) operations		676,389	(220,011)
Australian Company Tax (paid) refund		(57,453)	3,579
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>		<b>618,936</b>	<b>(216,432)</b>
<b>INVESTING ACTIVITIES</b>			
Interest received		21	257
Purchase of property, plant and equipment		(158,446)	(64,322)
Payments for exploration and evaluation assets		(13,730)	(8,434)
Deposit paid to a broker for trading of derivative financial instruments		(8,161)	–
Net cash inflow (outflow) on disposals of subsidiaries	32	1,800	(296)
Proceeds on disposal of property, plant and equipment		142	3,010
Purchase of equity security at FVTPL		(12)	–
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(178,386)</b>	<b>(69,785)</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

For the year ended 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
<b>FINANCING ACTIVITIES</b>			
Interest paid		<b>(14,916)</b>	(918)
Shareholder's borrowing raised		–	232,574
Repayment of shareholder's borrowing		<b>(233,642)</b>	–
Repayment of lease liabilities		<b>(11,556)</b>	(13,954)
Dividends paid to a non-controlling shareholder of a subsidiary		<b>(6,976)</b>	(540)
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>		<b>(267,090)</b>	217,162
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>173,460</b>	(69,055)
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>(9,071)</b>	14,230
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>102,662</b>	157,487
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR,</b> represented by			
Bank balances and cash		<b>267,051</b>	102,662

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

## 1. GENERAL INFORMATION

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

The Company acts as an investment holding company and provides corporate management services to its subsidiaries. The principal activities of major subsidiaries of the Company are exploration, development and mining of tin and copper bearing ores in Australia through a joint operation with details set out in notes 15 and 41 and trading of gold products in Hong Kong. The principal activities of other subsidiaries are set out in note 41.

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

## 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (the “Group”) have applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The Group has early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021.

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board (the “Agenda Decision”) issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### 2.1 Impacts on application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions and early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

The Group has applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions for the first time and early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 in the current year retrospectively. The amendments introduce a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions that occurred as a direct consequence of the Covid-19 pandemic that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 Leases (“HKFRS 16”) if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application has had no impact to the opening retained profits at 1 January 2021. During the year, certain lessor agreed to reduce lease payments on motor vehicle license. The Group has derecognised the part of lease liabilities that have been extinguished using the discount rate originally applied to the lease respectively, resulting in a decrease in lease liabilities of HK\$60,000, which have been recognised as variable lease payments in profit or loss for the current year.

#### 2.2 Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (HKAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group’s accounting policy prior to the Committee’s agenda decision was to determine the net realisable value of inventories taking into consideration both incremental costs and other costs necessary to sell inventories which is consistent with the Agenda Decision.

The application of the Committee’s agenda decision has had no material impact on the Group’s financial positions and performance.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decision made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

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

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

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

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies

##### Basis of consolidation

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

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

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

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

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### **Basis of consolidation (Continued)**

##### **Changes in the Group's interests in existing subsidiaries**

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets, and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

##### **Interest in a joint operation**

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

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

##### **Interest in a joint venture**

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Interest in a joint venture (Continued)

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

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

##### Revenue from contracts with customers

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

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

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

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

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service. Revenue from the sales of goods (i.e. tin or copper concentrate and gold products) is recognised at a point in time when the goods are delivered and control of the goods is transferred to the customer.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Revenue from contracts with customers (Continued)

##### Price adjustments in case of provisionally priced sales

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

##### Changes in fair value of provisionally priced sales

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

##### Shipping services

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Revenue from contracts with customers (Continued)

###### Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party.

###### Property, plant and equipment

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

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### **Impairment on property, plant and equipment, exploration and evaluation assets and right-of-use assets**

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

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

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Exploration and evaluation assets

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

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

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

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed are recoverable amount. When one of the following events or changes in circumstances, which is not exhaustive, indicate that the carrying amount may not be recoverable has occurred, impairment test is performed in accordance with HKAS 36.

- The period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- Substantive expenditure on further exploration for and evaluation of natural resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of natural resources in the specific area have not led to the discovery of commercially viable quantities of natural resources and the Group has decided to discontinue such activities in the specific area.
- Sufficient data (such as tin prices) exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Leases

##### 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 of HKFRS 16, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### The Group 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.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

##### Short-term leases

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

##### Right-of-use assets

The cost of right-of-use asset includes:

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Leases (Continued)

##### The Group as a lessee (Continued)

##### Right-of-use assets (Continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

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

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

##### Refundable rental deposits

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

##### Lease liabilities

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

The lease payments include:

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

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Leases (Continued)

##### The Group as a lessee (Continued)

##### Lease modifications

Except for Covid-19-related rent concession in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

##### Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Leases (Continued)

##### Foreign currencies

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

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

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

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

##### Borrowing costs

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

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

##### Retirement benefit costs

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Short-term and other long-term employee benefits

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

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

##### Government grants

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

Government grants related 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".

##### Taxation

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Taxation (Continued)

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

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

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

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

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

##### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

##### Financial assets

###### Classification and subsequent measurement of financial assets

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Financial instruments (Continued)

##### Financial assets (Continued)

##### Classification and subsequent measurement of financial assets (Continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income ("FVTOCI") as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

##### ***Amortised cost and interest income***

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

##### ***Financial assets at FVTPL***

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Financial instruments (Continued)

##### Financial assets (Continued)

##### Impairment of financial assets

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

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

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

##### (i) Significant increase in credit risk

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

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Financial instruments (Continued)

##### Financial assets (Continued)

##### Impairment of financial assets (Continued)

###### (ii) Definition of default

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

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

###### (iii) Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

###### (iv) Write-off policy

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

###### (v) Measurement and recognition of ECL

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Financial instruments (Continued)

##### Financial assets (Continued)

##### Impairment of financial assets (Continued)

##### (v) *Measurement and recognition of ECL (Continued)*

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount.

##### Derecognition of financial assets

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

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

##### Financial liabilities and equity

##### Classification as debt or equity

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

##### Equity instruments

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

##### Financial liabilities

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

##### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Financial instruments (Continued)

##### Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, other payables and accruals, dividend payable to a non-controlling shareholder of a subsidiary and shareholders' borrowings are subsequently measured at amortised cost, using the effective interest method.

##### Derecognition of financial liabilities

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

##### Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

##### Provision for rehabilitation cost

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

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

The initial estimate of the rehabilitation provision relating to exploration, development and production facilities is capitalised into the cost of the related asset and depreciated together with the related asset.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### Share-based payments

##### Equity-settled share-based payment transactions

##### *Share options granted to employees, directors and non-executive directors*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

##### Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

### 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

#### Critical judgement in applying accounting policies

The following is the critical judgement apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### Principal versus agent consideration

During the year ended 31 December 2021, the Group engages in trading of gold products. The Group is considered as a principal for its contracts with customer as the Group controls the gold products before it is transferred to the customer taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise and exposed to inventory risk. When the Group satisfies the performance obligation, the Group recognises revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts with customers.

During the year ended 31 December 2021, the Group recognised revenue relating to sales of gold products amounted to approximately HK\$4,272,035,000 (2020: HK\$231,187,000).

#### Key sources of estimation uncertainty

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

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

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

As at December 2021, the carrying amount of mining related property, plant and equipment, right-of-use assets and exploration and evaluation assets was HK\$862,537,000. (2020: HK\$557,637,000) In view of the continuous increase (2020: increase) in tin price during the year, the recoverable amount of the cash-generating units of the Renison underground mine is higher (2020: higher) than its carrying value as at 31 December 2021. Accordingly, reversal of impairment losses on mining related property, plant and equipment and exploration and evaluation assets of approximately nil and HK\$257,078,000 (2020: reversal of impairment losses of approximately HK\$18,811,000 and HK\$9,256,000), respectively are recognised in profit or loss for the year ended 31 December 2021.

Details of impairment assessment on the cash-generating units is disclosed in note 16.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

#### Key sources of estimation uncertainty (Continued)

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

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

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

The carrying amounts of the mine properties and developments as at 31 December 2021 and 2020 are disclosed in note 16.

### 5. REVENUE

Revenue represents the net amounts received and receivable for (i) tin concentrate and (ii) gold products sold in the normal course of business, net of sales related taxes. All of the Group's revenue is recognised at a point in time when the goods has been delivered to the customers' specific location. Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling goods and bears the risk of obsolescence and loss in relation to the goods. The categories for disaggregation of revenue are consistent with the segment information disclosure in note 6.

The performance obligation of all contracts with customers have an original expected duration of one year or less, therefore the Group applies the practical expedient of HKFRS 15 which allows the Group not to disclose the information of the transaction price allocated to the remaining performance obligation for contracts with customers.

### 6. SEGMENT INFORMATION

The executive directors of the Company have been identified as the chief operating decision makers ("CODM"). The executive directors consider the (i) exploration, development and mining of tin and copper bearing ores in the Renison underground mine in Australia ("Mining Operations"), held under the joint operation (set out in note 15), and (ii) trading of gold products are the principal activities of the Group. Segment information is reported to the executive directors of the Company for resources allocation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 6. SEGMENT INFORMATION (Continued)

#### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Mining Operations HK\$'000	Trading of gold products HK\$'000	Consolidated HK\$'000
For the year ended 31 December 2021			
<b>Segment revenue</b>	<b>979,884</b>	<b>4,272,035</b>	<b>5,251,919</b>
<b>Segment profit</b>	<b>648,597</b>	<b>5,541</b>	<b>654,138</b>
Unallocated other income			68
Corporate administrative expenses			(21,560)
Other expenses			(7,594)
Unallocated other gains and losses			509
Unallocated finance costs			(3,675)
<b>Profit before taxation</b>			<b>621,886</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 6. SEGMENT INFORMATION (Continued)

#### Segment revenue and results (Continued)

	Mining Operations HK\$'000	Trading of gold products HK\$'000	Consolidated HK\$'000
For the year ended 31 December 2020			
<b>Segment revenue</b>	433,113	231,187	664,300
<b>Segment profit (loss)</b>	45,886	(417)	45,469
Unallocated other income			764
Corporate administrative expenses			(23,916)
Other expenses			(18,197)
Unallocated other gains and losses			5,173
Impairment loss under expected credit loss model on other receivable			(2,600)
Unallocated finance costs			(3,590)
<b>Profit before taxation</b>			3,103

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit generated (loss incurred) from each segment without allocation of certain other income, corporate administrative expenses, other expenses, certain other gains and losses, certain finance costs that are not directly relevant to the operating and reportable segments and impairment loss under expected credit loss model on other receivable. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 6. SEGMENT INFORMATION (Continued)

#### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

	Mining Operations HK\$'000	Trading of gold products HK\$'000	Consolidated HK\$'000
<b>Segment assets</b>			
<b>As at 31 December 2021</b>			
Segment assets	1,296,603	4,582	1,301,185
Other assets			20,239
<b>Consolidated assets</b>			<b>1,321,424</b>
<b>As at 31 December 2020</b>			
Segment assets	786,773	233,513	1,020,286
Other assets			30,458
<b>Consolidated assets</b>			<b>1,050,744</b>
<b>Segment liabilities</b>			
<b>As at 31 December 2021</b>			
Segment liabilities	361,247	743	361,990
Other liabilities			161,448
<b>Consolidated liabilities</b>			<b>523,438</b>
<b>As at 31 December 2020</b>			
Segment liabilities	235,289	233,642	468,931
Other liabilities			139,190
<b>Consolidated liabilities</b>			<b>608,121</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 6. SEGMENT INFORMATION (Continued)

#### Segment assets and liabilities (Continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, right-of-use assets, other receivables, prepayments and deposits, bank balances and cash for corporate use and equity security at FVTPL; and
- all liabilities are allocated to operating segments other than certain other payables and accruals, lease liabilities and a shareholder's borrowing that are for corporate use.

#### Other segment information

##### For the year ended 31 December 2021

	Mining Operations HK\$'000	Trading of gold products HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:				
Addition to non-current assets	197,583	–	858	198,441
Depreciation	(108,644)	–	(1,717)	(110,361)
Reversal of impairment loss recognised on exploration and evaluation assets	257,078	–	–	257,078

##### For the year ended 31 December 2020

	Mining Operations HK\$'000	Trading of gold products HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:				
Addition to non-current assets	95,681	–	24	95,705
Depreciation	(71,766)	–	(2,267)	(74,033)
Reversal of impairment loss recognised on property, plant and equipment	18,811	–	–	18,811
Reversal of impairment loss recognised on exploration and evaluation assets	9,256	–	–	9,256
Impairment loss under expected credit loss model on other receivable	–	–	(2,600)	(2,600)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 6. SEGMENT INFORMATION (Continued)

#### Geographical information

Information about the Group's revenue from external customers is presented based on the location of the operations of the relevant subsidiaries. Information about the Group's non-current assets (excluding financial assets) is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	Year ended		as at	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Australia	979,884	433,113	860,000	557,266
Hong Kong	4,272,035	231,187	3,450	566
Vietnam	–	–	–	255
	<b>5,251,919</b>	664,300	<b>863,450</b>	558,087

#### Information about major customers

	Year ended	
	31 December	
	2021	2020
	HK\$'000	HK\$'000
Yunnan Tin Australia TDK Resources Pty Limited ("YTATR") <sup>1</sup>	979,884	433,113
Customer A <sup>2</sup>	4,272,035	231,187

<sup>1</sup> Revenue from sales of tin concentrate in the Mining Operations. YTATR is a subsidiary of the non-controlling shareholder of a subsidiary of the Company.

<sup>2</sup> Revenue from sales of gold products.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 7. OTHER INCOME

	2021 HK\$'000	2020 HK\$'000
Interest income	21	257
Covid-19-related rent concessions (Note 17)	60	–
Government grants (Note)	–	754
Others	395	–
	<b>476</b>	1,011

Note: During the year ended 31 December 2020, the Group recognised government grants of HK\$754,000 in respect of COVID-19-related subsidies. These amounts have been recognised as other income upon receipt, and there was no unfulfilled condition attached to these government grants at the end of the reporting period.

### 8. OTHER EXPENSES

The amount comprises legal and professional fees of HK\$7,594,000 (2020: HK\$18,197,000) for the year ended 31 December 2021.

### 9. OTHER GAINS AND LOSSES

	2021 HK\$'000	2020 HK\$'000
Fair value (loss) gain of derivative financial instruments	<b>(31,024)</b>	584
Fair value loss of equity security at FVTPL	<b>(5)</b>	–
Gain on disposals of subsidiaries (Note 32)	<b>1,800</b>	3,572
(Loss) gain on disposal of property, plant and equipment	<b>(3)</b>	3,001
Gain on derecognition of right-of-use assets and lease liabilities	–	92
Net foreign exchange gain (loss)	<b>7,744</b>	(6,491)
Others	<b>445</b>	(299)
	<b>(21,043)</b>	459

### 10. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interests on lease liabilities	<b>1,307</b>	918
Unwinding of discount on provision for rehabilitation (Note 31)	<b>202</b>	182
Interests on shareholders' borrowings	<b>17,073</b>	4,502
	<b>18,582</b>	5,602

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

#### Directors' and chief executive's emoluments

The emoluments paid or payable to each of the ten (2020: seventeen) directors of the Company were as follows:

	Executive Director (Note (i))					Independent Non-Executive Directors (Note (ii))					Total
	Wang Chuanhu	Xie Yue	Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P	Sim Tze Jye	Dr. Hsu Jing-Sheng	Li Zheng	Lim Mooi Leng	Peng Wenting	Kim Wooryang	Chan Tin Bobby Kwan	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note (xviii))	(Note (xvii))	(Note (vii))	(Note (vii))	(Note (xvi))	(Note (viii))	(Note (ix))	(Note (xiii))	(Note (ix))	(Note (xix))	
<b>For the year ended 31 December 2021</b>											
Fees	292	300	300	300	300	9	200	120	200	80	2,101
Salaries and allowances	-	1,543	-	-	1,450	-	-	-	-	-	2,993
Contributions to retirement benefit scheme	-	15	-	-	-	-	-	-	-	-	15
Bonus	-	853	60	60	333	-	-	-	-	-	1,306
<b>Total</b>	<b>292</b>	<b>2,711</b>	<b>360</b>	<b>360</b>	<b>2,083</b>	<b>9</b>	<b>200</b>	<b>120</b>	<b>200</b>	<b>80</b>	<b>6,415</b>

	Executive Directors (Note (i))				Non-Executive Directors (Note (ii))				Independent Non-Executive Directors (Note (iii))				Total					
	Li Dong	Nie Dong	Sumiya Altantuya	Wang Chuanhu	Tan Sri Dato' Koo Yuen Kim Xie Yue	P.S.M., D.P.T.J. J.P	Sim Tze Jye	Dr. Hsu Jing-Sheng	Lim Mooi Leng	Peng Wenting	Kim Wooryang	Zeng Jin		Chi Chi Hung Kenneth	Chow Wing Chau	Duan Zhida		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
	(Note (iii))	(Note (iv))	(Note (v))	(Note (xviii))	(Note (xvii))	(Note (vii))	(Note (viii))	(Note (ix))	(Note (xiii))	(Note (ix))	(Note (xvi))	(Note (xii))	(Note (x))	(Note (xi))	(Note (x))			
<b>For the year ended 31 December 2020</b>																		
Fees	-	1,056	61	355	430	109	55	78	61	-	37	37	37	85	53	22	61	2,537
Salaries and allowances	-	1,962	-	-	402	-	-	367	-	-	-	-	-	-	-	-	-	2,731
Contributions to retirement benefit scheme	-	155	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	155
Compensation for the loss of office as a director	-	1,500	-	-	-	-	-	-	-	-	-	-	-	50	50	-	-	1,600
<b>Total</b>	<b>-</b>	<b>4,673</b>	<b>61</b>	<b>355</b>	<b>832</b>	<b>109</b>	<b>55</b>	<b>445</b>	<b>61</b>	<b>-</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>85</b>	<b>103</b>	<b>72</b>	<b>61</b>	<b>7,023</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

#### Directors' and chief executive's emoluments (Continued)

Notes:

- (i) The executive directors' emoluments shown above were paid for the services in connection with the management of the affairs of the Company and the Group.
- (ii) The non-executive directors' and independent non-executive directors' emoluments shown above were paid for the services as directors of the Company.
- (iii) Li Dong retired as executive director with effect from 27 August 2020.
- (iv) Nie Dong has resigned as Chief Executive Officer and executive director on 14 April 2020, his emoluments disclosed above include those service rendered by him as Chief Executive Officer during prior year up to his date of resignation.
- (v) Sumiya Altantuya resigned as executive director with effect from 17 July 2020.
- (vi) Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P was appointed as the chairman of the board of directors to replace Mr. Li Dong and re-designated as executive director with effect from 14 April 2020.
- (vii) Sim Tze Jye was appointed as executive director with effect from 14 April 2020.
- (viii) Li Zheng was appointed as non-executive director on 14 April 2020 and resigned with effect from 17 July 2020. He was then appointed as executive director with effect from 23 December 2021.
- (ix) Lim Mooi Leng and Kim Wooryang were appointed as independent non-executive directors with effect from 14 April 2020.
- (x) Duan Zhida was appointed as independent non-executive director with effect from 24 December 2019 and resigned with effect from 17 July 2020.
- (xi) Chow Wing Chau resigned as independent non-executive director with effect from 21 January 2020.
- (xii) Chi Chi Hung Kenneth resigned as independent non-executive director with effect from 14 April 2020.
- (xiii) Peng Wenting was appointed as independent non-executive director with effect from 14 April 2020 and resigned with effect from 1 September 2021.
- (xiv) Jin Ye resigned as non-executive director with effect from 17 July 2020.
- (xv) Zeng Jin resigned as independent non-executive director with effect from 17 July 2020.
- (xvi) Dr. Hsu Jing-Sheng was appointed as executive director and Co-Chief Executive Officer with effect from 14 April 2020, his emoluments disclosed above include those service rendered by him as Co-Chief Executive Officer.
- (xvii) Xie Yue was appointed as Co-Chief Executive Officer with effect from 14 April 2020, her emoluments disclosed above include those service rendered by her as Co-Chief Executive Officer.
- (xviii) Wang Chuanhu resigned as executive director with effect from 23 December 2021.
- (xix) Chan Tin Kwan Bobby was appointed as independent non-executive director with effect from 1 September 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

#### Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2020: one) were directors of the Company, details of whose emoluments are included above. The emoluments of the remaining three (2020: four) individuals were as follows:

	2021 HK\$'000	2020 HK\$'000
Salaries and allowances	5,125	7,490
Contributions to retirement benefit scheme	370	390
Performance related bonuses	227	–
	<b>5,722</b>	<b>7,880</b>

The emoluments of the remaining three (2020: four) individuals (including one senior management staff (2020: 1)) for the year was within the following bands:

	2021 No. of employees	2020 No. of employees
HK\$1,500,001 to HK\$2,000,000	3	3
HK\$2,500,001 to HK\$3,000,000	–	1

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 12. TAXATION

	2021 HK\$'000	2020 HK\$'000
The taxation comprises:		
Current tax charge		
– Australian Company Tax	143,390	11,686
– Hong Kong Profits Tax	743	–
Deferred tax charge (Note 30)	53,563	1,908
	<b>197,696</b>	13,594

Under Australian tax law, the tax rate used for the year is 30% (2020: 30%) on taxable profits on Australian incorporated entities.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

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

	2021 HK\$'000	2020 HK\$'000
Profit before taxation	621,886	3,103
Tax at Australia Profits Tax rate of 30% (2020: 30%)	186,566	931
Tax effect of expenses not deductible for tax purpose	12,688	14,255
Tax effect of income not taxable for tax purpose	(536)	(1,768)
Tax effect of tax losses not recognised	–	97
Utilisation of tax losses previously not recognised	(103)	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	(919)	79
Taxation for the year	<b>197,696</b>	13,594

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 13. PROFIT (LOSS) FOR THE YEAR

	2021 HK\$'000	2020 HK\$'000
Profit (loss) for the year has been arrived at after charging:		
Auditor's remuneration	2,120	2,045
Cost of inventories recognised as an expense	4,805,844	627,956
Covid-19-related rent concessions (Note 17)	60	–
Depreciation of property, plant and equipment	99,699	63,308
Depreciation of right-of-use assets	10,662	10,725
Staff costs (including directors' emoluments (as disclosed in note 11))		
– Salaries and other benefits	144,411	124,933
– Contributions to retirement benefit schemes	10,898	8,949
	<b>155,309</b>	<b>133,882</b>

### 14. EARNINGS (LOSS) PER SHARE

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

	2021 HK\$'000	2020 HK\$'000
Profit (loss) for the purposes of basic earnings (loss) per share:		
– Profit (loss) for the year attributable to owners of the Company	349,815	(25,663)

	2021 Number of shares	2020 Number of shares
Number of ordinary shares for the purpose of basic earnings (loss) per share	6,830,000,000	6,830,000,000

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

### 15. JOINT ARRANGEMENTS

#### Joint operation

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 15. JOINT ARRANGEMENTS (Continued)

#### Joint operation (Continued)

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

Pursuant to the Parksong S&P Agreement, other than the assets and liabilities relating to the JV Projects, the Vendor is entitled to receive and is obliged to pay cash in respect of the receivables and payables of Parksong and its subsidiaries at the Date of Completion. As such, at the Date of Completion, the Group recognised a net payable to the Vendor, representing the excess of receivables over payables that the Vendor is entitled to receive and the Group is obliged to pay to Vendor in cash, as other payables (see note 26).

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

BMTJV has no asset and liability as at 31 December 2021 and 2020 and no income and expenses incurred during the years ended 31 December 2021 and 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 16. PROPERTY, PLANT AND EQUIPMENT

	Owned properties HK\$'000	Mine properties and developments HK\$'000	Leasehold improvement HK\$'000	Construction in progress HK\$'000	Furniture and fixtures HK\$'000	Plant, machinery and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>COST</b>								
At 1 January 2020	36,412	882,278	5,559	25,283	3,873	197,228	10,696	1,161,329
Exchange adjustment	3,643	87,880	-	2,370	-	22,624	881	117,398
Additions	-	23,828	-	34,229	-	5,651	614	64,322
Disposals	-	-	-	-	-	(4,821)	(89)	(4,910)
Disposals of subsidiaries	-	-	-	-	-	(131)	(2,154)	(2,285)
Transfer from exploration and evaluation assets (Note 18)	-	3,566	-	-	-	-	-	3,566
Transfer upon completion	1,384	1,460	-	(33,298)	-	29,897	557	-
At 31 December 2020	41,439	999,012	5,559	28,584	3,873	250,448	10,505	1,339,420
Exchange adjustment	(2,181)	(54,594)	-	(4,647)	-	(12,892)	(502)	(74,816)
Additions	201	46,827	-	120,007	-	3,820	1,210	172,065
Disposals	-	-	-	(103)	-	-	(875)	(978)
Transfer from exploration and evaluation assets (Note 18)	-	14,479	-	-	-	-	-	14,479
Transfer from right-of-use assets	-	-	-	-	-	28,008	-	28,008
Transfer upon completion	-	7,469	-	(13,575)	-	6,106	-	-
At 31 December 2021	39,459	1,013,193	5,559	130,266	3,873	275,490	10,338	1,478,178
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>								
At 1 January 2020	11,659	724,225	5,559	-	3,873	117,259	7,844	870,419
Exchange adjustment	1,310	73,116	-	-	-	12,057	644	87,127
Provided for the year	1,701	49,912	-	-	-	10,670	1,025	63,308
Reversal of impairment loss recognised	-	(18,811)	-	-	-	-	-	(18,811)
Eliminated on disposals	-	-	-	-	-	(4,812)	(89)	(4,901)
Eliminated on disposals of subsidiaries	-	-	-	-	-	(125)	(1,834)	(1,959)
At 31 December 2020	14,670	828,442	5,559	-	3,873	135,049	7,590	995,183
Exchange adjustment	(827)	(44,702)	-	-	-	(8,005)	(389)	(53,923)
Provided for the year	1,884	78,311	-	-	-	18,225	1,279	99,699
Reversal of impairment loss recognised	-	-	-	-	-	-	-	-
Eliminated on disposals	-	-	-	-	-	-	(833)	(833)
Transfer from right-of-use assets	-	-	-	-	-	20,753	-	20,753
At 31 December 2021	15,727	862,051	5,559	-	3,873	166,022	7,647	1,060,879
<b>CARRYING VALUES</b>								
At 31 December 2021	23,732	151,142	-	130,266	-	109,468	2,691	417,299
At 31 December 2020	26,769	170,570	-	28,584	-	115,399	2,915	344,237

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 16. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

Depreciation on mine properties and developments is provided to write off the cost of the mine properties and developments using the unit of production method over the remaining life of the mine. The life of mine is based on the total estimated proven and probable reserves of the ore mines. Effective depreciation rate for the year ended 31 December 2021 is 10.2% (2020: 10.2%).

The Group's management determines the estimated useful lives of approximately 9 years (2020: 12 years) for its mine operation based on the proven and probable reserves. The term of the lease of such mines granted by the Mineral and Resources Department of Tasmania to the Group will expire on 1 August 2031.

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

For the purposes of impairment assessment, mining-related property, plant and equipment (which mainly include the mine properties and developments, owned properties, construction in progress, machineries for the mine operation), right-of-use assets 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 AUD223,900,000 (equivalent to approximately HK\$1,267,632,000) as at 31 December 2021 (2020: approximately AUD93,250,000 (equivalent to approximately HK\$557,187,000)) was determined based on the higher of fair value less costs of disposal and value in use. The Group's management applied discounted cash flow method to assess the recoverable amount of the CGU of the Mining Operation. The discounted cash flow method was based on a discount rate of 18.8% (2020: 18.0%) or a pre-tax discount rate of 28.4% (2020: 24.9%) and cash flow projection prepared from financial forecasts approved by the directors of the Company covering the expected mine life period until the mine resources run out based on proved and probable reserves and applied a probability on the indicated resources. The discount rate was estimated by using the capital asset pricing model, with reference to the risk free rate, which represents the 10-year Australia government bond yield, at 1.67% (2020: 0.97%). The aggregate amount of reserve and resources used in the projection is 6.06 million (2020: 7.62 million) tonnes and it is assumed the mineral reserve is mined over approximately 9 years (2020: 12 years) at a rate of up to 0.69 million (2020: 0.68 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/USD forward exchange rate ranging from 1:0.682 to 1:0.727 (2020: 1:0.747 to 1:0.775), future price of tin concentrate from USD26,322 to USD31,000 (2020: USD21,377) per tonne, which is benchmarked to analyst consensus forecast.

As at 31 December 2021, in view of the continuous increase (2020: increase) in the tin price, the recoverable amount of the CGU of the Mining Operation is higher (2020: higher) than its carrying value. Accordingly, reversal of impairment losses (2020: reversal of impairment losses) on mine properties and developments and exploration and evaluation assets allocated to the CGU of the Mining Operation of approximately nil and HK\$257,078,000 (2020: HK\$18,811,000 and HK\$9,256,000) respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 17. RIGHT-OF-USE ASSETS

	Leased properties HK\$'000	Machinery HK\$'000	Total HK\$'000
As at 31 December 2021 Carrying amount	<b>2,987</b>	<b>20,453</b>	<b>23,440</b>
As at 31 December 2020 Carrying amount	848	29,180	30,028
For the year ended 31 December 2021 Depreciation charge	<b>1,733</b>	<b>8,929</b>	<b>10,662</b>
For the year ended 31 December 2020 Depreciation charge	2,084	8,641	10,725

	For the year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
Expense relating to short-term leases	<b>18</b>	430
Total cash outflow for leases	<b>12,881</b>	15,302
Additions to right-of use assets	<b>12,646</b>	22,949

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2021

### **17. RIGHT-OF-USE ASSETS (Continued)**

For both years, the Group leases various motor vehicles, properties, machinery and equipment for its operations. Lease contracts are entered into for fixed term of one to four years (2020: one to four years). Certain leases of equipment were accounted for as finance leases and were pledged during the year ended 31 December 2021 and carried interest ranged from 2.7% to 5.5% (2020: 2.9% to 5.5%) per annum. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office and residential premises. As at 31 December 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term leases expense disclosed above.

#### **Restrictions or covenants on leases**

As at 31 December 2021, lease liabilities of HK\$19,469,000 (2020: HK\$21,973,000) with related right-of-use assets of HK\$20,829,000 (2020: HK\$29,324,000) are under hire purchase arrangements where the Group will obtain the title of the underlying assets at end of the lease term. In addition, lease liabilities of HK\$3,115,000 are recognised with related right-of-use assets of HK\$2,611,000 as at 31 December 2021 (2020: lease liabilities of HK\$689,000 and related right-of-use assets of HK\$704,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

#### **Rent concessions**

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK\$60,000 (2020: nil) were recognised as negative variable lease payments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 18. EXPLORATION AND EVALUATION ASSETS

	HK\$'000
CARRYING AMOUNT	
At 1 January 2020	153,399
Additions	8,434
Transfer to property, plant and equipment (Note 16)	(3,566)
Reversal of impairment loss recognised	9,256
Exchange adjustment	16,299
At 31 December 2020	183,822
Additions	<b>13,730</b>
Transfer to property, plant and equipment (Note 16)	<b>(14,479)</b>
Reversal of impairment loss recognised	<b>257,078</b>
Exchange adjustment	<b>(17,440)</b>
At 31 December 2021	<b>422,711</b>

Impairment assessment on the cash-generating unit of the Renison underground mine, including the exploration and evaluation assets, has been disclosed in note 16.

### 19. DEPOSITS

Deposits with the carrying amount of HK\$20,815,000 (2020: HK\$21,968,000) as at 31 December 2021 represent deposits paid by the Group to the Mineral and Resources Department of Tasmania as a deposit for operating in the mining industry in Tasmania, Australia. The deposits are refundable upon the cessation of mining activities or closure of mines and the environmental rehabilitation work of relevant mines meets government's requirements.

### 20. INVENTORIES

	2021 HK\$'000	2020 HK\$'000
Gold	–	139,871
Tin concentrates	<b>27,819</b>	25,155
Ore stocks	<b>7,782</b>	3,743
Work-in-progress	<b>2,019</b>	1,874
Spare parts	<b>29,949</b>	24,417
Others	<b>761</b>	497
	<b>68,330</b>	195,557

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 21. TRADE RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables arising from sales of tin concentrate	<b>83,368</b>	45,086

Balance of trade receivables as at 1 January 2020 was HK\$17,866,000.

For sales of tin concentrate, the Group allows a credit period of 3 working days for 85% of the provisional value upon the delivery of goods (at the point when control of goods is transferred to customer) and issue of provisional invoices. For the remaining 15%, the Group allows a credit period of 10 working days after the issue of final invoice, which is derived based on the mutual agreement on grade and weights of tin concentrates with the customer and the adjustments on the final sales prices based on the market price of tin. It normally takes around 1 to 2 months after delivery of goods for the issue of final invoice. The following is an ageing analysis of trade receivables presented based on final invoice date at the end of the reporting period.

	2021 HK\$'000	2020 HK\$'000
0–30 days	<b>83,368</b>	45,086

No credit period was allowed for sales of gold products. Payment has to be made on the day when the good transfer to the customer.

As at 31 December 2021, the Group did not hold any collateral or other credit enhancements to cover its credit risks associated with the trade receivables classified as financial assets at FVTPL. Accordingly, its carrying amount of HK\$83,368,000 (2020: HK\$45,086,000) represents the maximum exposure to credit risk at 31 December 2021.

As at 31 December 2021 and 2020, the carrying amounts of the Group's trade receivables were all denominated in USD, currency other than the functional currency of the respective group entity. Details of fair value measurement are set out in note 34(c).

### 22. ADVANCE PAYMENTS TO A SUPPLIER

As at 31 December 2020, the Group had advance payments to a supplier for purchase of gold of approximately HK\$93,449,000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 23. DERIVATIVE FINANCIAL INSTRUMENTS

	2021 HK\$'000	2020 HK\$'000
Derivatives financial assets at FVTPL	941	584
Derivatives financial liabilities at FVTPL	(1,923)	–

During the year ended 31 December 2021, the Group entered into several foreign exchange forward contracts, tin forward contracts and tin future contracts (recognised as derivative financial instruments at the consolidated statement of financial position) to manage its foreign currency exposure arising from AUD/USD exchange rate fluctuation and revenue exposure arising from tin price fluctuation. Major terms of the outstanding forward and future contracts to which the Group committed as at 31 December 2021 were as follows:

#### Tin forward contracts and tin future contracts

Description	Tin Price	Maturity
<b>As at 31 December 2021</b>		
Sell 135 tonnes tin	USD32,100 – USD40,600	19/01/2022 – 20/04/2022
Buy 5 tonnes tin	USD39,300	16/02/2022

#### Foreign exchange forward contracts

Notional Amount	Fixed exchange rate	Maturity
<b>As at 31 December 2021</b>		
USD 1,500,000	AUD1: USD0.7125	28/01/2022
<b>As at 31 December 2020</b>		
USD 1,000,000	AUD1: USD0.7163	16/02/2021

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 24. BANK BALANCES AND CASH

Bank balances comprise bank deposits held by the Group with an original maturity of three months or less. The bank balances carried effective interest rates ranging from 0.001% to 0.1% (2020: 0.001% to 0.25%) per annum.

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

	2021 HK\$'000	2020 HK\$'000
USD	<b>237,748</b>	65,445
HK\$	<b>4,162</b>	2,855
Renminbi ("RMB")	<b>19</b>	18
Vietnamese Dong ("VND")	<b>5</b>	5

### 25. TRADE PAYABLES

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

	2021 HK\$'000	2020 HK\$'000
0-30 days	<b>38,674</b>	32,699

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 26. OTHER PAYABLES AND ACCRUALS

	2021 HK\$'000	2020 HK\$'000
Current:		
Net payables to the Vendor (Note)	69,926	73,799
Other payables and accruals	36,622	44,110
	<b>106,548</b>	117,909

Note: As detailed in note 15, the amount arose from the acquisition of Parksong represented the net payables to the Vendor based on the financial information of Parksong and its subsidiaries other than the joint operations as at Date of Completion. The amount should be settled in net by cash. Details of dispute with the Vendor on these payables are also disclosed in note 36. GPL and Parksong are wholly-owned subsidiaries of the Company.

### 27. SHAREHOLDERS' BORROWINGS

	Maturity date	Effective interest rate	Carrying amount 2021 HK\$'000	2020 HK\$'000
Cybernaut Greentech Investment Holding (HK) Limited ("Cybernaut") <sup>(1)</sup>	31 March 2020	10%	66,078	62,614
Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P. <sup>(2)</sup>	4 December 2021	6%	–	233,642
			<b>66,078</b>	296,256

<sup>(1)</sup> The borrowing is an unsecured loan from Cybernaut, a shareholder with 24.89% (31 December 2020: 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 borrowing was originally with a maturity date on 31 March 2019. On 19 February 2019, the Company, Cybernaut and the Guarantor agreed to further extend the maturity date of such borrowing to 31 March 2020 with fixed interest rate of 8% per annum. As at 31 December 2020, the outstanding loan was unsettled while no further supplementary loan extension agreement was entered into between the Company and Cybernaut. As stated in the loan agreement, interest on overdue balances is determined based on 3-month Hong Kong Interbank Offered Rate ("HIBOR") plus 2% per annum and is accrued on a daily basis as penalty in addition to the original fixed rate of 8% per annum. The accrued interests are due upon the principal repayment.

Subsequent to 31 December 2021 and up to the date of these consolidated financial statements were authorised for issue, the management of the Group is in negotiation of the repayment terms with Cybernaut.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 27. SHAREHOLDERS' BORROWINGS (Continued)

<sup>(1)</sup> (Continued)

As at 31 December 2021, the carrying amount of such borrowing was HK\$66,078,000 (31 December 2020: HK\$62,614,000), which included accrued interest payable of HK\$32,099,000 (31 December 2020: HK\$28,635,000).

As at 31 December 2021 and 2020, the carrying amounts of the borrowing was denominated in HKD, currency other than the functional currency of the respective group entity.

<sup>(2)</sup> The borrowing was an unsecured loan from Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P, an executive director of the Company and a shareholder with 29.48% equity interest in the Company as at 31 December 2020. The loan was entered on 3 December 2020 with a maturity date on 4 December 2021. The loan was interest-bearing at a fixed rate of 6% per annum. The borrowing was fully repaid in December 2021.

### 28. LEASE LIABILITIES

	2021 HK\$'000	2020 HK\$'000
<b>Lease liabilities payable:</b>		
Within one year	11,183	9,543
More than one year but not more than two years	9,434	7,571
More than two years but not more than five years	1,967	5,548
	<b>22,584</b>	22,662
Less: Amount due for settlement with 12 months shown under current liabilities	<b>(11,183)</b>	(9,543)
Amount due for settlement after 12 months shown under non-current liabilities	<b>11,401</b>	13,119

The weighted average incremental borrowing rates applied to lease liabilities is between 4.0% to 8.0% (2020: 5.1% to 8.0%).

### 29. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.005 each		
Authorised:		
At 1 January 2020, 31 December 2020 and 2021	20,000,000,000	100,000
Issued and fully paid:		
At 1 January 2020, 31 December 2020 and 2021	6,830,000,000	34,150

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 30. DEFERRED TAXATION

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

	Provisions and accrued charges HK\$'000	Fair value adjustment on mine properties and developments and exploration and evaluation assets HK\$'000	Total HK\$'000
At 1 January 2020	24,290	(78,700)	(54,410)
Credit (charge) to profit or loss (Note 12)	2,603	(4,511)	(1,908)
Exchange adjustment	2,813	(8,239)	(5,426)
At 31 December 2020	29,706	(91,450)	(61,744)
Credit (charge) to profit or loss (Note 12)	<b>2,467</b>	<b>(56,030)</b>	<b>(53,563)</b>
Exchange adjustment	<b>(1,524)</b>	<b>6,607</b>	<b>5,083</b>
At 31 December 2021	<b>30,649</b>	<b>(140,873)</b>	<b>(110,224)</b>

As at 31 December 2021, the Group had estimated unused tax losses of nil (2020: HK\$342,000) available for offset against future profits. No deferred tax asset was recognised in respect of such tax losses of due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

### 31. PROVISION FOR REHABILITATION

	HK\$'000
At 1 January 2020	65,356
Adjustments on provision for rehabilitation	(1,068)
Unwinding of discount charge to profit or loss (Note 10)	182
Exchange adjustment	5,405
At 31 December 2020	69,875
Additional provision for revised closure plan of Renison	<b>13,620</b>
Adjustments on provision for rehabilitation	<b>2,304</b>
Unwinding of discount charge to profit or loss (Note 10)	<b>202</b>
Exchange adjustment	<b>(4,156)</b>
At 31 December 2021	<b>81,845</b>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2021

### **31. PROVISION FOR REHABILITATION (Continued)**

The provision for rehabilitation represents the estimated cost of decommission and rehabilitation of mines and processing sites of the mining projects of the joint operation to be carried out at the end of their producing lives. As at 31 December 2021, the discount rate used in determination the provision for rehabilitation is 1.71% (2020: 1.28%) per annum.

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

During the year ended 31 December 2019, there were discussions with external consultants and regulatory authorities relating to the closure plans of Mount Bischoff. As a result, an additional provision for rehabilitation of HK\$45,553,000 arose from the revised closure plan of Mount Bischoff. Since the management considers there is no future economic benefit from the operation of Mount Bischoff, the additional provision made in relation to the revised closure plan was charged to profit or loss during the year ended 31 December 2019. The additional provision for rehabilitation mainly included the preliminarily estimated total costs for implementing the revised closure plan. As at 31 December 2021, the provision for rehabilitation of Mount Bischoff is HK\$48,693,000.

The Group expected that the majority of the additional provision arising from the revised closure plan of Mount Bischoff will be utilised in three years from the approval of the revised closure plan by the relevant regulatory or governmental authorities in Australia. Due to the delay caused by the outbreak of COVID-19 pandemic, the finalised closure plan of Mount Bischoff is now expected to be submitted to the relevant regulatory or governmental authorities in Australia at the earliest around year 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 32. DISPOSALS OF SUBSIDIARIES

During the year ended 31 December 2020, the Group disposed of 100% equity interest of a subsidiary, Alpha Allied Investments Limited to an independent third party and deregistered certain of its subsidiaries established in the PRC, including, 萬嘉世紀貿易(深圳)有限公司, 綠科共創科技(北京)有限公司 and 綠科共創科技(深圳)有限公司. No consideration was received in relation to such disposal/deregistration.

At the date of disposal/deregistration, the cash outflow arising on such disposal/deregistration was HK\$296,000, the assets (including property, plant and equipment, other receivables, prepayments and deposits and equity security at FVTPL) of these subsidiaries amounted to HK\$2,608,000 and liabilities (including other payables and accruals) of these subsidiaries amount to HK\$2,523,000. Gain on disposal/deregistration of subsidiaries amounted to HK\$3,572,000 was resulted and credited to profit or loss for the year ended 31 December 2020.

On 29 September 2021, the Group disposed of 100% equity interest of two subsidiaries, Ocean Cedar International Asset Management Company Limited and Ocean Cedar Asset Management Company Limited to independent third parties at an aggregate cash consideration of HK\$2,042,000.

Ocean Cedar Asset Management Company Limited is a licensed corporation for the Type 4 (Advising on securities) and Type 9 (Asset Management) activities under the Hong Kong Securities and Futures Ordinance. It is engaged in the provision of asset management services.

At the date of disposals, the assets (represented bank balances and cash) of these subsidiaries amounted to HK\$242,000 and no liabilities of these subsidiaries noted. The net cash inflow arising on such disposal was HK\$1,800,000. Gain on disposals of subsidiaries amounted to HK\$1,800,000 was resulted and credited to profit or loss for the year ended 31 December 2021.

### 33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes shareholders' borrowings disclosed in note 27 and lease liabilities disclosed in note 28, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves. The management of the Group reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as issuance of new debts or redemption of existing debts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 34. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments

	2021 HK\$'000	2020 HK\$'000
<b>Financial assets</b>		
Financial assets at amortised cost	294,835	127,174
Equity security at FVTPL	7	–
Trade receivables at FVTPL	83,368	45,086
Derivative financial instruments at FVTPL (Note 23)	941	584
<b>Financial liabilities</b>		
Amortised cost	216,973	417,626
Derivative financial instruments at FVTPL (Note 23)	1,923	–

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

The Group's major financial instruments include trade receivables, other receivables and deposits, bank balances and cash, derivative financial instruments, trade payables, other payables and accruals, lease liabilities, dividend payable to a non-controlling shareholder of a subsidiary and shareholders' borrowings. Details of these financial instruments are disclosed in respective notes. The risk associated with these financial instruments include market risk (currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure to financial risks or the manner in which it manages and measures the risks for both years except for the Group used foreign exchange forward contract to eliminated the currency exposure during the year ended 31 December 2021. Details of the change in exposure to respective risks are disclosed below.

#### Market risk

##### Currency risk

Several group entities have bank balances, trade receivables, other payables and accruals, other receivables and deposits, shareholders' borrowings, sales and purchases denominated in foreign currencies of respective group entities and inter-group balances, which expose the Group to foreign currency risk. The management of the Group monitors foreign exchange exposure and will consider hedging further significant foreign currency exposure should the need arise. During the year ended 31 December 2021 and 2020, the Group has used foreign exchange forward contract to partially eliminate the currency exposures.

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

	Assets		Liabilities	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
USD	321,116	110,531	–	–
RMB	19	18	–	–
HK\$	8,814	8,659	81,306	75,874
VND	5	5	–	–
Intra-group balances HK\$	10,437	9,835	1,623	2,768

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 34. FINANCIAL INSTRUMENTS (Continued)

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

##### Market risk (Continued)

##### Currency risk (Continued)

##### Sensitivity analysis

The following table details the Group's sensitivity to a 10% (2020: 10%) increase and decrease in the functional currency of each group entity against the relevant foreign currencies, after taken into consideration of the effect arising from the derivative financial instruments used to manage currency risk, while other variables were held constant. 10% (2020: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items which are denominated in relevant foreign currencies of respective group entities and adjusts its translation at the end of the reporting period for a 10% (2020: 10%) change in the relevant foreign currencies exchange rates. A positive number below indicates an increase in post-tax profit for the year (2020: a decrease in post-tax loss for the year) where the relevant foreign currencies strengthen 10% (2020: 10%) against the functional currency of each group entity. For a 10% (2020: 10%) weakening of the relevant foreign currencies against the functional currencies of each group entity, there would be an equal and opposite impact on the results for the year except for the USD impact which is separately disclosed below.

##### **Increase (decrease) in post-tax profit for the year (2020: decrease (increase) in post-tax loss for the year)**

	2021 HK\$'000	2020 HK\$'000
RMB impact	1	1
HK\$ impact	(4,457)	(4,210)
VND impact	-	-
USD impact		
– 10% strengthening of USD	21,568	7,134
– 10% weakening of USD	(21,734)	(7,243)

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

##### Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities as at 31 December 2021 (2020: fixed-rate shareholder's borrowing from an executive director and lease liabilities) (see notes 27 and 28 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate accrued overdue interest from shareholder's borrowing from Cybernaut and bank balances as at 31 December 2021 (2020: variable-rate accrued overdue interest from shareholder's borrowing from Cybernaut and bank balances) (see notes 27 and 24 for details). In view that the interest rate movement is insignificant during the year, the directors of the Company considered that the Group's exposure to interest rate risk is minimal. Accordingly, no sensitivity analysis is presented.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 34. FINANCIAL INSTRUMENTS (Continued)

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

##### Market risk (Continued)

##### Interest rate risk (Continued)

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates with alternative nearly risk-free rates. For the variable rate accrued overdue interest from shareholder's borrowing that are linked to HIBOR as set out in note 27, the Group had confirmed with the relevant counterparty that HIBOR will continue to be used up to maturity. The management anticipates that the interest rate benchmark reform will have no material impact on the Group's risk exposure.

##### Commodity price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the London Metal Exchange cash settlement average price of tin which are the major commodities produced and sold by the Group. To minimise this risk, the Group enters into tin future and forward contracts to manage the Group's exposure in relation to forecasted sales of tin concentrate.

Derivative financial instruments of the Group whose fair value change in line with the fluctuations in the London Metal Exchange cash settlement average price of tin comprise tin futures and forward contracts. If all prices of tin future and forward contracts had been increased by 10% and all other variables were held constant, the potential effect on profit after tax is as follows:

	2021 HK\$'000	2020 HK\$'000
Decrease in profit after tax for the year	3,969	–

There would be an equal and opposite impact on the profit after tax for the year where there had been 10% decrease in all prices of tin future and forward contracts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 34. FINANCIAL INSTRUMENTS (Continued)

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

##### **Credit risk and impairment assessment**

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to refundable deposits, other receivables and deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

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

Bank balances with gross carrying amount of HK\$248,965,000 (2020: HK\$102,662,000) are placed in various authorised financial institutions and the directors of the Company consider the credit risk of such authorised financial institutions is low. The balances were assessed individually based on 12-month ECL.

The management of the Group considers the credit risk of the refundable deposits with gross carrying amount of HK\$20,815,000 (2020: HK\$21,968,000) that are paid to the Mineral and Resources Department of Tasmania is low. The management of the Group considers the probability of default is low and the balance was assessed individually based on 12-month ECL.

For other receivables and deposits with gross carrying amount of HK\$6,969,000 (2020: HK\$5,144,000), the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 December 2021 and 2020, the Group assessed the ECL for other receivables and deposits are insignificant and thus no loss allowance is recognised.

During the year ended 31 December 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 amounted to HK\$2,600,000 on such other receivable during prior year. Such other receivable has been written off during year ended 31 December 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 34. FINANCIAL INSTRUMENTS (Continued)

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

##### Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Financial assets at amortised cost
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

##### Liquidity risk

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

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

In addition, the following table details the Group's liquidity analysis for its derivative financial liabilities. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected exchange rate and tin price as illustrated by observable spot and forward exchange rates, the yield curves of respective currencies and observable spot and forward tin price existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual settlement dates as the management of the Group considers that the settlement dates are essential for an understanding of the timing of the cash flows of derivatives.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 34. FINANCIAL INSTRUMENTS (Continued)

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

##### Liquidity risk (Continued)

##### Liquidity tables

	Weighted average effective interest rate %	On demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	Between 1 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at the end of the reporting period HK\$'000
<b>31 December 2021</b>						
Trade payables	N/A	38,674	-	-	38,674	38,674
Other payables and accruals	N/A	80,657	-	-	80,657	80,657
Lease liabilities	3.6	3,139	8,767	11,723	23,629	22,584
Shareholder's borrowing (Note)	6.5	66,078	-	-	66,078	66,078
Dividend payable to a non-controlling shareholder of a subsidiary	N/A	31,564	-	-	31,564	31,564
		220,112	8,767	11,723	240,602	239,557
<b>Derivative financial liabilities - net settlement</b>						
Tin forward contracts		1,923	-	-	1,923	1,923

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 34. FINANCIAL INSTRUMENTS (Continued)

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

##### Liquidity risk (Continued)

##### Liquidity tables (Continued)

	Weighted average effective interest rate %	On demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	Between 1 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at the end of the reporting period HK\$'000
<b>31 December 2020</b>						
Trade payables	N/A	32,699	-	-	32,699	32,699
Other payables and accruals	N/A	81,695	-	-	81,695	81,695
Lease liabilities	4.2	3,676	6,780	14,208	24,664	22,662
Shareholders' borrowings (Note)	6.5	62,614	246,565	-	309,179	296,256
Dividend payable to a non-controlling shareholder of a subsidiary	N/A	6,976	-	-	6,976	6,976
		187,660	253,345	14,208	455,213	440,288

Note: As detailed in note 27, the unsecured shareholder loan from Cybernaut has been overdue as at 31 December 2021 and 31 December 2020.

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

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

The vice president of the Company is responsible to determine the appropriate valuation techniques and inputs for fair value measurements and shall report to the board of directors of the Company semi-annually to explain the cause of fluctuation in the fair value. There has been no change from the valuation technique used in the prior year. In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 34. FINANCIAL INSTRUMENTS (Continued)

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

##### (i) 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 each reporting period. The following table gives information about how the fair value of the financial assets is determined (in particular, the valuation technique and inputs used).

	Fair value		Fair value hierarchy	Valuation technique and key input(s)
	2021 HK\$'000	2020 HK\$'000		
<b>Financial assets:</b>				
Equity security at FVTPL	7	–	Level 1	Quoted bid price in an active market
Trade receivables (Note 21)	83,368	45,086	Level 2	Derived from the quoted forward tin price
Derivative financial instruments	173	–	Level 2	Derived from the observable spot and forward tin price and credit risk of the counterparty
– tin future contracts				
– foreign exchange forward contracts	768	584	Level 2	Derived from the observable spot and forward exchange rates, the yield curves of the respective currencies and credit risk of the counterparty
<b>Financial liabilities:</b>				
Derivative financial instruments	1,923	–	Level 2	Derived from the observable spot and forward tin price and credit risk of the counterparty
– tin forward contracts				

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 35. CAPITAL AND OTHER COMMITMENTS

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

	2021 HK\$'000	2020 HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of property, plant and equipment of JV Projects	<b>92,949</b>	29,436
Commitments on mineral tenement	<b>13,061</b>	15,223

As at 31 December 2021 and 2020, YTPAH has provided a guarantee and indemnity to a lessor relating to the Group's lease liabilities. This guarantee and indemnity is given to a finance lessor jointly and severally with BMT.

### 36. LITIGATION

#### HCA 1357/2011

The legal proceeding involves the disputes regarding Parksong S&P Agreement dated 13 July 2010 in relation to the sale and purchase of the entire issued share capital of Parksong signed between Vendor, 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 Vendor under High Court Action number 1357 of 2011 ("HCA 1357 Action").

Under the statement of claim, Vendor 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\$85,736,000), being the alleged amount of the "Receivables" which Vendor alleged is entitled under the Parksong S&P Agreement ("Vendor's Claim").

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 36. LITIGATION (Continued)

#### HCA 1357/2011 (Continued)

GPL and the Company denied Vendor's Claim and have made counterclaim against Vendor 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 Vendor by way of counterclaim and set-off and stated that GPL has suffered loss and damage by reason of the following: (1) Vendor 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 Vendor is entitled to claim the amount of AUD3,048,387 forming part of the Receivables and claim Vendor 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) Vendor 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 YTHK, 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 YTHK which is not recorded in the relevant accounts (and thus amounting to an additional amount under the Payables) which Vendor is liable to compensate GPL for the said advanced sum of AUD16.3 million; (4) Vendor unilaterally caused an Australian subsidiary of YTHK, YTPAH, to enter into a tin concentrate package purchase underwriting agreement and a management agreement with YTATR for the period of the life of the mine on 1 December 2010, without the consent of GPL ("December Agreement Issue"); and (5) the claimed sum of AUD5,496,266 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 ("Production Shortfall Issue"). On 23 December 2021, GPL and the Company gave notice to Vendor that GPL shall discontinue its counterclaim on the December Agreement Issue. Therefore, the present claims of GPL and the Company are the respective sums of AUD 4,728,558, AUD476,393, AUD16,300,000, AUD 5,496,266, totaling AUD 27,001,217 (approximately of HK\$152,870,000 in total) and damages etc..

Save and except that Vendor 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 Vendor, 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, Vendor has denied the claims made in GPL and the Company D&C.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2021

### **36. LITIGATION (Continued)**

#### **HCA 1357/2011 (Continued)**

For the Production Shortfall Issue, compensation is based on Vendor'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 shortfall were confirmed to be approximately 1,520.8 tonnes, 340.6 tonnes and 487.5 tonnes (totaling 2,348.9 tonnes). GPL in 2014 stated the claim for compensation for the 3-anniversary production shortfall is in the sum of approximately AUD 5,496,266 (approximately HK\$31,118,000).

For the AUD16.3 Million Issue, an application for joinder of parties to engage Yunnan Tin PRC and YTHK was made in July 2014. By a court order dated 19 December 2017, Yunnan Tin PRC and YTHK 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 Vendor, Parksong, YTHK 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 YTHK to recognise the sum of AUD16.3 million as being due to Yunnan Tin PRC. From May 2018 to March 2019, Vendor, Parksong, YTHK and GPL also filed its respective defence(s) to Yunnan Tin PRC's counterclaim; Parksong, YTHK and GPL also made further counterclaims against Vendor.

Further, an application for expert evidence on the AUD16.3 Million Issue, Called Sum Issue and Production Shortfall Issue was made by GPL and the Company in August 2014. Expert evidence on AUD16.3 Million Issue, Called Sum Issue, Production Shortfall Issue was made by GPL and the Company and Vendor. Yunnan Tin PRC also prepared expert report on AUD16.3 Million Issue in September 2020. Joint Report/Statement by the experts were also made in respect of these issues in April 2021.

A hearing of case management conference took place on 18 October 2021 and a direction was made to set the case down for trial with 41 days reserved.

Vendor and GPL and the Company attended a mediation on 16 August 2012 in relation to the disputes in the legal proceedings. In or about December 2021, GPL and the Company attempted mediation with Vendor but Vendor indicated that he did not wish to do mediation again at that moment and might re-consider the same should there be change of circumstances. At present, no settlement has been reached by the parties. The parties are proceeding with the legal proceedings

#### **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, YTHK and Vendor on 30 November 2016. Under HCA 3132 Action, Yunnan Tin PRC has made various claims which relates to the AUD16.3 Million Issue. The writ of summons was eventually served in November 2017. At the hearing on 19 December 2017 under HCA 1357 Action, both Vendor and Yunnan Tin PRC indicated their understanding that the matters under HCA 3132 Action shall be more conveniently dealt with under HCA 1357 Action and it 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 36. LITIGATION (Continued)

#### HCA 492/2017

By an amended writ of summons dated 3 March 2017, the Company, GPL, Parksong and YTHK as 4 plaintiffs have issued the writ with general endorsements under High Court Action number 492 of 2017 ("HCA 492 Action") under which, amongst others, GPL and the Company made various claims against Vendor as defendant including a declaration that Vendor 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 YTHK have also, without prejudice to any defence or counterclaim they may have against Yunnan Tin PRC, made claims against Vendor as defendant for breach of fiduciary duty/director's duty while Vendor was acting as a director of Parksong and YTHK for, amongst others, matters arising from HCA 3132 Action. On 13 March 2018, Vendor'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.

### 37. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund ("MPF") Scheme under rules and regulations of MPF Schemes Ordinance for all qualifying employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as at 31 December 2021 and 2020.

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

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

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

During the year ended 31 December 2021, the Group's total contributions to the retirement benefit schemes is approximately HK\$10,898,000 (2020: HK\$8,949,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities (Note 28) HK\$'000	Shareholders' borrowings (Note 27) HK\$'000	Dividend payable to a non-controlling shareholder of a subsidiary HK\$'000	Total HK\$'000
At 1 January 2020	12,459	59,180	–	71,639
Financing cash flows	(14,872)	232,574	(540)	217,162
Derecognition of lease liabilities	(316)	–	–	(316)
Unrealised foreign exchange gain	–	(5,546)	–	(5,546)
Foreign exchange translation	1,524	5,546	–	7,070
New leases entered	22,949	–	–	22,949
Dividend declared to a non-controlling shareholder of a subsidiary	–	–	7,516	7,516
Interest expenses	918	4,502	–	5,420
At 31 December 2020	22,662	296,256	6,976	325,894
Financing cash flows	<b>(12,863)</b>	<b>(247,251)</b>	<b>(6,976)</b>	<b>(267,090)</b>
Unrealised foreign exchange loss	–	2	–	2
Foreign exchange translation	<b>(1,108)</b>	<b>(2)</b>	–	<b>(1,110)</b>
New leases entered	<b>12,646</b>	–	–	<b>12,646</b>
Covid-19-related rent concessions	<b>(60)</b>	–	–	<b>(60)</b>
Dividend declared to a non-controlling shareholder of a subsidiary	–	–	<b>31,564</b>	<b>31,564</b>
Interest expenses	<b>1,307</b>	<b>17,073</b>	–	<b>18,380</b>
At 31 December 2021	<b>22,584</b>	<b>66,078</b>	<b>31,564</b>	<b>120,226</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 39. RELATED PARTY TRANSACTIONS

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

	For the year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
Sales of tin concentrate to YTATR (Notes a & b)	979,884	433,113
Agency fee paid to Perfect Hexagon Limited ("Perfect Hexagon") (Note c)	12,244	648
Interest expense on shareholder's borrowing from Cybernaut (Note d)	3,464	3,434
Interest expense on shareholder's borrowing from Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P (Note d)	13,609	1,068
	As at 31 December	
	2021 HK\$'000	2020 HK\$'000
Amount due from YTATR included in trade receivables (Note d)	83,368	45,086
Shareholder's borrowing from Cybernaut (Note d)	66,078	62,614
Shareholder's borrowing from Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P (Note d)	–	233,642

Notes:

- (a) The price of tin concentrates per dry metric ton was agreed between the Group and YTATR after taking into account the factors:
- the London Metal Exchange cash settlement average price of tin/copper metal;
  - the treatment charge per dry metric ton;
  - deduction based on the final tin/copper content; and
  - penalty for impurity.
- (b) The transactions represent the revenue from sales of tin concentrate to YTATR, a company which invests in Australia mineral resource projects located in Australia, and is a subsidiary of the non-controlling shareholder who has significant influence on a subsidiary of the Company.
- (c) The transactions represent the agency fee charged by Perfect Hexagon for sourcing the supplier and processing into gold products. As at 31 December 2021, Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P being an executive director and a shareholder of the Company, holds 40.12% equity interest in Perfect Hexagon.
- (d) Details of trade receivables and shareholders' borrowings with related parties are set out in notes 21 and 27 respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 39. RELATED PARTY TRANSACTIONS (Continued)

#### Compensation of key management personnel

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

	2021 HK\$'000	2020 HK\$'000
Short-term benefits	8,190	11,612
Contributions to retirement benefit scheme	33	327
	<b>8,223</b>	11,939

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

	2021 HK\$'000	2020 HK\$'000
<b>Non-current assets</b>		
Investments in subsidiaries	175,328	185,428
Amounts due from subsidiaries	676,890	186,367
	<b>852,218</b>	371,795
<b>Current assets</b>		
Other receivables and prepayments	1,965	3,822
Bank balances	2,432	6,234
	<b>4,397</b>	10,056
<b>Current liabilities</b>		
Other payables and accruals	2,107	1,851
Shareholder's borrowing	66,078	62,614
Amounts due to subsidiaries	50,790	42,531
	<b>118,975</b>	106,996
<b>Net current liabilities</b>	<b>(114,578)</b>	(96,940)
<b>Net assets</b>	<b>737,640</b>	274,855
<b>Capital and reserves</b>		
Share capital (Note 29)	34,150	34,150
Reserves	703,490	240,705
<b>Total equity</b>	<b>737,640</b>	274,855

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

#### Movements of share capital and reserves of the Company

	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2020	34,150	950,427	(166,707)	(525,906)	291,964
Loss for the year	-	-	-	(40,380)	(40,380)
Exchange difference arising on translation of presentation currency	-	-	23,271	-	23,271
Total comprehensive income (expense) for the year	-	-	23,271	(40,380)	(17,109)
At 31 December 2020	34,150	950,427	(143,436)	(566,286)	274,855
Profit for the year	-	-	-	<b>476,158</b>	<b>476,158</b>
Exchange difference arising on translation of presentation currency	-	-	<b>(13,373)</b>	-	<b>(13,373)</b>
Total comprehensive (expense) income for the year	-	-	<b>(13,373)</b>	<b>476,158</b>	<b>462,785</b>
At 31 December 2021	<b>34,150</b>	<b>950,427</b>	<b>(156,809)</b>	<b>(90,128)</b>	<b>737,640</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The table below lists the principal subsidiaries of the Company:

Name of the subsidiaries	Place of incorporation and establishment/ operation	Issued and fully paid share capital/ registered capital	2021	Proportion of ownership interest held by the Company				Principal activities
				2020	Directly 2021	2020	Indirectly 2021	
GPL	The BVI/Hong Kong	USD100	USD100	100%	100%	-	-	Investment holding
Parksong	Hong Kong	HK\$10,000	HK\$10,000	-	-	100%	100%	Investment holding
YTHK	Hong Kong	HK\$10,000	HK\$10,000	-	-	82%	82%	Investment holding
YTPAH	Australia	AUD1	AUD1	-	-	82%	82%	Exploration, development and mining of tin and copper bearing ores in Australia
Greentech Technology International Development Limited	Hong Kong	HK\$10,000	HK\$10,000	100%	100%	-	-	Trading of gold products in Hong Kong
Ocean Cedar Asset Management Company Limited*	Hong Kong	-	HK\$650,000	-	-	-	100%	Asset management advisory services

\* Ocean Cedar Asset Management Company Limited was disposed on 29 September 2021 (see note 32 for details of the disposals of subsidiaries).

The directors of the Company are of the opinion that a complete list of all subsidiaries and their particulars will be of excessive length and therefore the above table contains only those subsidiaries which materially contribute to the net results of the Group or hold a material portion of the assets or liabilities or otherwise are operating subsidiaries of the Company.

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

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

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit for the year allocated to non-controlling interests		Accumulated non-controlling interests	
		As at 31 December 2021	2020	For the year ended 31 December 2021	2020	As at 31 December 2021	2020
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
YTHK and its subsidiary (YTPAH)	Hong Kong/Australia	18%	18%	74,375	15,172	35,749	(6,081)

YTPAH engages in exploration, development and mining of tin and copper bearing ores in Australia through a joint operation (see note 15 for details).

Summarised financial information for the years ended 31 December 2021 and 2020 in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

#### YTHK and its subsidiary (YTPAH)

	As at 31 December	
	2021 HK\$'000	2020 HK\$'000
Non-current assets	880,760	579,174
Current assets	425,539	223,986
<b>Total assets</b>	<b>1,306,299</b>	803,160
Non-current liabilities	(201,867)	(144,738)
Current liabilities	(905,826)	(692,207)
<b>Total liabilities</b>	<b>(1,107,693)</b>	(836,945)
<b>Net assets (liabilities)</b>	<b>198,606</b>	(33,785)

	For the year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
Revenue	979,884	433,113
Expenses	(823,766)	(376,890)
Reversal of impairment losses recognised on non-current assets	257,078	28,067
<b>Profit for the year</b>	<b>413,196</b>	84,290
Other comprehensive expense for the year	(5,450)	(7,700)
<b>Total comprehensive income for the year</b>	<b>407,746</b>	76,590
Profit for the year attributable to		
– owners of the Company	338,821	69,118
– non-controlling interests of YTHK	74,375	15,172
<b>Profit for the year</b>	<b>413,196</b>	84,290

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

#### YTHK and its subsidiary (YTPAH) (Continued)

	For the year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
Other comprehensive expense for the year attributable to		
– owners of the Company	(4,469)	(6,314)
– non-controlling interests of YTHK	(981)	(1,386)
Other comprehensive expense for the year	(5,450)	(7,700)
Total comprehensive income for the year attributable to		
– owners of the Company	334,352	62,804
– non-controlling interests of YTHK	73,394	13,786
Total comprehensive income for the year	407,746	76,590
Dividends declared to		
– owners of the Company	143,791	34,244
– non-controlling interests of YTHK	31,564	7,516
	175,355	41,760
Net cash inflow from operating activities	505,769	133,639
Net cash outflow from investing activities	(179,315)	(69,921)
Net cash outflow from financing activities	(162,246)	(47,292)
Net cash inflow	164,208	16,426

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 42. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2021 nor has any dividend been proposed by the directors of the Company since the end of the reporting period (2020: nil).

### 43. SHARE OPTION SCHEME

The shareholders of the Company passed a resolution at the extraordinary general meeting on 16 June 2021 to adopt a new share option scheme (the "New Share Option Scheme") for the purpose of granting options to the eligible participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The eligible participants include any eligible employee (whether full time or part time, including any executive Director but excluding any non-executive Director) of the Company or any of its subsidiaries and any non-executive director (including independent non-executive directors) of the Company or any of its subsidiaries. Details of the share option scheme are set out in the share option scheme section of this annual report. As at the end of the reporting period, no option has been granted under the New Share Option Scheme after its adoption.

### 44. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2020, right-of-use assets for buildings with carrying amount of HK\$224,000 and lease liabilities of HK\$316,000 were derecognised upon early termination of the relevant lease agreement.

During the year ended 31 December 2021, an additional provision for rehabilitation of HK \$13,620,000 arose from the revised closure plan of Renison underground mine. Since the management of the Group considers there is future economic benefit from the operation of Renison underground mine, the corresponding addition of the same amount was charged to mine properties and developments under property, plant and equipment of the Group.

During the year ended 31 December 2021, the Group entered into new lease agreements for the use of various motor vehicles, properties machinery and equipment for one to four years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of HK\$12,646,000 (2020: HK\$22,949,000).

### 45. SUBSEQUENT EVENT

Subsequent to year ended 31 December 2021, a loan facility agreement in respect of a sum of USD 100,000,000 was signed with Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P, an executive director of the Company and a shareholder with 29.48% equity interest in the Company as at 31 December 2021. The loan facility agreement was entered into on 17 January 2022 with a maturity date of one year after first withdrawal. The loan facility agreement was interest-bearing at a fixed rate of 6% per annum. The loan facility is not secured by any assets of the Group. On 3 March 2022, USD30,000,000 was drawn down.

## FIVE-YEAR FINANCIAL SUMMARY

### RESULTS

	For the year ended 31 December				
	2017	2018	2019	2020	2021
	HK\$'000	HK\$'000 (Note b)	HK\$'000 (Note a)	HK\$'000	HK\$'000
Revenue	428,938	431,969	443,661	664,300	<b>5,251,919</b>
Profit (loss) attributable to owners of the Company	25,402	39,345	(61,589)	(25,663)	<b>349,815</b>

### ASSETS AND LIABILITIES

	As at 31 December				
	2017	2018	2019	2020	2021
	HK\$'000	HK\$'000 (Note b)	HK\$'000 (Note a)	HK\$'000	HK\$'000
Total assets	858,899	818,628	745,836	1,050,744	<b>1,321,424</b>
Total liabilities	(338,585)	(313,789)	(325,287)	(608,121)	<b>(523,438)</b>
Total equity	520,314	504,839	420,549	442,623	<b>797,986</b>

Notes:

- a. In 2019, the Group has applied HKFRS 16. Accordingly, certain comparative information for the years ended 31 December 2017 and 2018 may not be comparable to the years ended 31 December 2019, 2020 and 2021 as such comparative information was prepared under HKAS 17.
- b. In 2018, the Group has applied HKFRS 9. Accordingly, certain comparative financial information for the year ended 31 December 2017 may not be comparable to the years ended 31 December 2018, 2019, 2020 and 2021 as such comparative information was prepared under HKAS 39.