綠科科技
Greentech

GREENTECH TECHNOLOGY INTERNATIONAL LIMITED
綠 科 科 技 國 際 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00195)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board ("Board") of directors ("Directors") of Greentech Technology International Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	4	**428,938**	377,628
Cost of sales		**(376,663)**	(332,763)
Gross profit		**52,275**	44,865
Interest income		**599**	655
Administrative expenses		**(31,080)**	(42,650)
Other expenses	5	**(6,978)**	(4,389)
Other gains and losses	6	**16,529**	14,067
Finance costs	7	**(14,195)**	(10,420)
Reversal of impairment loss recognised on property, plant and equipment		**40,498**	119,176
Reversal of impairment loss recognised on exploration and evaluation assets		**14,176**	51,245
Profit before taxation		**71,824**	172,549
Taxation	8	**(23,190)**	(63,427)
Profit for the year	9	**48,634**	109,122
Other comprehensive income (expense) for the year			
Item that will not be reclassified to profit or loss:			
Exchange difference arising on translation to presentation currency		**30,777**	(5,921)
Total comprehensive income for the year		**79,411**	103,201
Profit for the year attributable to:			
Owners of the Company		**25,402**	84,119
Non-controlling interests		**23,232**	25,003
		48,634	109,122
Total comprehensive income attributable to:			
Owners of the Company		**54,651**	78,579
Non-controlling interests		**24,760**	24,622
		79,411	103,201
Earnings per share	10		
Basic (HK cents)		**0.4**	1.6
Diluted (HK cents)		**N/A**	1.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**409,513**	337,967
Exploration and evaluation assets		**142,934**	129,836
Deposits		**14,099**	11,523
		566,546	479,326
Current assets			
Inventories		**34,657**	19,585
Trade receivables	*11*	**55,499**	53,276
Other receivables, prepayments and deposits		**8,936**	5,272
Held-for-trading investment		**2,820**	3,920
Bank balances and cash		**190,441**	160,499
		292,353	242,552
Current liabilities			
Trade payables	*12*	**40,820**	22,026
Other payables and accruals		**104,178**	95,264
Other borrowing	*13*	**59,793**	184,055
Obligations under finance lease		**19,470**	16,562
Tax payable		**7,450**	—
		231,711	317,907
Net current assets (liabilities)		**60,642**	(75,355)
Total assets less current liabilities		**627,188**	403,971

	Notes	2017 HK$'000	2016 HK$'000
Capital and reserves			
Share capital		**34,150**	25,650
Reserves		**476,812**	294,661
Equity attributable to owners of the Company		**510,962**	320,311
Non-controlling interests		**9,352**	(10,029)
Total equity		**520,314**	310,282
Non-current liabilities			
Obligations under finance leases		**22,576**	38,137
Deferred tax liabilities		**63,817**	43,620
Provision for rehabilitation		**20,481**	11,932
		106,874	93,689
		627,188	403,971

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL

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.

Pursuant to a special resolution passed by the shareholders at an extraordinary general meeting of the Company held on 18 October 2017, the name of the Company was changed from "L'sea Resources International Holdings Limited 利海資源國際控股有限公司" to "Greentech Technology International Limited 綠科科技國際有限公司". The change of the name became effective on 20 October 2017.

The principal activity of the Group is exploration, development and mining of tin and copper bearing ores in Australia ("Mining Operations").

The Company's functional currency is Australia 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 NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

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

Amendments to HKAS 7 "Disclosure Initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in the notes to the consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in the notes to the consolidated financial statement, the application of these amendments has had no impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2016.

4. SEGMENT INFORMATION

The executive directors of the Company have been identified as chief operating decision makers. The executive directors consider Mining Operations, held under the joint operation, is the principal activity of the Group and represents one single segment. Segment information is not reported to the executive directors of the Company for resources allocation and assessment purpose.

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

Revenue from major products

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

	2017	2016
	HK$'000	*HK$'000*
Sales of tin concentrate	**428,938**	375,176
Sales of copper concentrate	**—**	2,452
	428,938	377,628

Geographical information

The Group's mining operations are located in Australia.

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

As at 31 December 2017, non-current assets (excluding deposits) of the Group of HK$551,284,000 (2016: HK$465,484,000), HK$955,000 (2016: HK$2,018,000) and HK$208,000 (2016: HK$301,000) were located in Australia, the People's Republic of China ("PRC") and Hong Kong, respectively.

Information about the sole customer

	2017	2016
	HK$'000	*HK$'000*
Yunnan Tin Australia TDK Resources Pty Limited ("YTATR")*	**428,938**	377,628

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

5. OTHER EXPENSES

The amount comprises legal and professional fees of HK$6,978,000 (2016: HK$4,389,000) for the year ended 31 December 2017.

6. OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Fair value change of held-for-trading investments	**(1,100)**	(592)
Reversal of impairment loss on other receivables	**—**	175
Net foreign exchange gain	**18,051**	14,406
(Loss) gain on disposal of property, plant and equipment	**(422)**	78
	16,529	14,067

7. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interests on obligations under finance leases	**2,402**	974
Unwinding of discount on provision for rehabilitation	**55**	565
Effective interest expense on convertible bonds	**—**	679
Interest on other borrowing *(note)*	**11,738**	7,655
Other finance cost	**—**	547
	14,195	10,420

Note: Details of the other borrowing are set out in note 13.

8. TAXATION

	2017	2016
	HK$'000	*HK$'000*
The taxation comprises:		
Current tax — Australian Company Tax	**7,299**	—
Deferred tax charge for the year	**15,891**	63,427
	23,190	63,427

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the subsidiaries incorporated in Hong Kong have no assessable profits for both years.

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

Under Australian tax law, the tax rate used for the year is 30% (2015: 30%) on taxable profits on Australian incorporated entities. No tax is payable on the assessable profit for the year ended 31 December 2016 arose in Australia since the assessable profit was wholly absorbed by tax losses brought forward.

9. PROFIT FOR THE YEAR

	2017	2016
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**2,280**	2,300
Cost of inventories recognised as an expense	**376,663**	332,763
Depreciation of property, plant and equipment	**125,220**	78,846
Minimum lease payments in respect of rented premises	**2,494**	2,515
Staff costs (including directors' emoluments)		
— Salaries and other benefits	**92,348**	75,679
— Contributions to retirement benefit schemes	**7,772**	6,718
	100,120	82,397

10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2017	2016
	HK$'000	*HK$'000*
Profit for the purposes of basic earnings per share:		
Profit for the year attributable to owners of the Company	**25,402**	84,119
Effect of dilutive potential ordinary shares:		
— Effective interest expense on convertible bond	**N/A**	679
Earnings for the purpose of diluted earnings per share	**N/A**	84,798

	Number of shares	Number of shares
Number of ordinary shares for the purpose of basic earnings per share	**6,061,506,849**	5,130,000,000
Effect of dilutive potential ordinary shares:		
— Convertible bonds	**N/A**	25,073,439
Number of ordinary shares for the purpose of diluted earnings per share	**N/A**	5,155,073,439

N/A: not applicable

For the year ended 31 December 2017, the Company had no potential ordinary shares in issue and therefore no diluted earning per share was presented.

11. TRADE RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**55,499**	53,276

The Group allows a credit period of 3 working days for 85% of the provisional value upon the delivery of goods and issue of provisional invoices. For the remaining 15%, the Group allows a credit period of 10 working days after mutual agreement on grade and weights of tin or copper concentrates with the customer and the issue of final invoice, which normally takes around 1 to 2 months after delivery of goods. The following is an ageing analysis of trade receivables presented based on final invoice date at the end of the reporting period.

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**55,499**	53,276

The Group has a policy of allowance for bad and doubtful debts which is based on the evaluation of collectability and ageing analysis of trade receivables and on management's judgment including credit worthiness and past collection history of the customer.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. There is concentration of credit risk on a customer in both years. As 31 December 2017 and 2016, the trade receivables are neither past due nor impaired with satisfactory credit quality under the management's assessment and with good past repayment record. The directors of the Company also believe that there is no impairment required for the trade receivables as at the end of the reporting period.

12. 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:

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**26,045**	21,262
31 – 60 days	**14,775**	20
61 – 90 days	**—**	744
Total	**40,820**	22,026

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.

13. OTHER BORROWING

Included in other borrowing is an unsecured and interest-bearing loan from Cybernaut Greentech Investment Holding (HK) Limited ("Cybernaut"). On 16 March 2016, the Company as the borrower, Power Investment Holding Limited (the "Lender"), and Mr. Xie Haiyu ("Mr. Xie") (who is a shareholder with 8.87% equity interests of the Company as at 31 December 2017) as the guarantor, entered into a loan agreement (the "Loan Agreement") pursuant to which the Lender has agreed and granted a loan in the principal sum of HK$176,400,000 (the "Loan") to the Company for the sole purpose of settling the principal amount payable for the redemption of the convertible bonds of the Company. The Loan was repayable in full on 31 March 2017 (the "Maturity Date of the Loan") with fixed interest of 8% per annum and denominated in HK$ which is the currency other than the functional currency of the Company.

On 29 March 2017, the Lender, with the consent from the Company and Mr. Xie, assigned all its rights and obligations under the Loan Agreement to Cybernaut. Both Cybernaut and the Lender are members of a group of companies under the control of 北京賽伯樂綠科投資管理有限公司 (Beijing Cybernaut Green-tech Investment Management Limited*).

On 29 March 2017, a supplementary loan agreement (the "Supplementary Loan Agreement") was entered into between the Company, Cybernaut and Mr. Xie to amend and restate the terms of the loan agreement primarily to extend the Maturity Date of the Loan. Under the Supplementary Loan Agreement, should the Loan Capitalisation (as defined below) take place on or before 30 June 2017 (or such date as may be agreed by the parties), the remaining outstanding principal amount of the Loan of HK$40,400,000, together with interests accrued (at fixed interest rate of 8% per annum) thereon up to the date of repayment thereof and the interest accrued (at fixed interest rate of 8% per annum) on the principal amount of the loan of HK$136,000,000 up to completion of the Loan Capitalisation, shall be repayable on 31 March 2018.

On 29 March 2017, Cybernaut and the Company also entered into a conditional capitalisation agreement (the "Capitalisation Agreement") whereby the Company would issue 1,700,000,000 new ordinary shares of the Company of HK$0.005 each at the price of HK$0.08 per share to Cybernaut (the "Loan Capitalisation") and the consideration for the issue of such shares would be set off against HK$136,000,000 of the outstanding principal amount of the Loan.

Cybernaut, the Lender and Beijing Cybernaut Green-tech Investment Management Limited were independent third party prior to the completion of the Loan Capitalisation.

The Loan Capitalisation was approved at an extraordinary general meeting of the Company held on 8 June 2017 and all conditions of the Loan Capitalisation have been fulfilled. The completion of the Loan Capitalisation took place on 15 June 2017 in accordance with the terms of the Capitalisation Agreement. An aggregate of 1,700,000,000 capitalisation shares were allotted and issued to Cybernaut at a price of HK$0.08 per capitalisation share and the consideration for the issue of such capitalisation shares were set off against HK$136,000,000 of the outstanding principal amount of the Loan.

As at 31 December 2017, the carrying amount of the other borrowing was HK$59,793,000 (31 December 2016: HK$184,055,000) which included accrued interest payable of HK$19,393,000 (31 December 2016: HK$7,655,000) and will be repayable on 31 March 2018 ("Maturity Date of the HK$40.4 million Loan").

Subsequent to the end of the reporting period on 21 March 2018, the Company, Cybernaut and Mr. Xie entered into another supplementary loan agreement to amend and restate the terms of the Supplementary Loan Agreement ("Loan Extension Agreement"). Under the Loan Extention Agreement, the Company, Cybernaut and Mr. Xie agreed to further extend the Maturity Date of the HK$40.4 million Loan for one year to 31 March 2019 with fixed interest rate of 8% per annum.

14. DIVIDEND

The Directors do not recommend any payment of a final dividend (2016: NIL).

* *English name for identification purpose only.*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The total production volume of tin metal of the Renison underground mine in 2017 was 7,083 tonnes (2016: 6,314 tonnes), an increase of approximately 12.2% year-on-year. The Group, having 50% interest in the Renison underground mine, was entitled to 3,542 tonnes of tin metal (2015: 3,157 tonnes) available for sale.

For the year end 31 December 2017, the Group recorded a turnover of HK$428,938,000, increased by 13.6% as compared with last year. The annual gross profit reached HK$52,275,000 (with gross profit margin of approximately 12.2%) compared with last year's gross profit of HK$44,865,000 (with gross profit margin of approximately 11.9%), which was mainly attributable to the increase in sales volume during the year (from 3,053 tonnes to 3,238 tonnes). The Group's audited consolidated profit attributable to the Company's shareholders for the year ended 31 December 2017 amounted to HK$25,402,000 (2016: profit of HK$84,119,000), the significant decrease was mainly due to a reversal of impairment loss recognised on property, plant and equipment and exploration and evaluation assets of approximately HK$54,674,000 during the year, which was less than that of approximately HK$170,421,000 in 2016.

The Renison underground mine continued exploration in 2017 to discover potential tin resources and reserves. Under the comparison of the estimates as at 31 December 2017 and 31 December 2016 in respect of the mine's estimation reports, the total mineral resources of the Renison underground mine increased by 30% year-on-year (from 11,531,000 tonnes to 14,974,000 tonnes) and the total ore reserves increased by 20% year-on-year (from 5,691,000 tonnes to 6,821,000 tonnes). Abundant amount of resources and reserves will provide a solid base for production expansion.

The Group's management will continually make efforts to improve the productivity and efficiency of the Renison underground mine. After the Group through the Australian joint venture, Bluestone Mines Tasmania Joint Venture Pty Limited ("BMTJV"), established its own operation team in the second quarter of 2016, BMTJV's mining team undertake all mining activities previously held by the mining contractor, which helped to reduce the mining costs per tonne and enhance the production efficiency. In order to further improve the production performance. BMTJV introduced a new crushing and ore sorting facility. For the construction and installation of such facility, which is expected to be completed and tested in May 2018. In the second half of 2018, the new facility will be commenced to operate. Then, the processing unit cost per tonne of metal produced will be reduced, the metal production will be increased and the resource utilization will be improved.

Regarding the Rentails Project, BMTJV has hired a technical manager and a project manager in the second half of 2017, for testing the processing technology and liaising with the government authorities of Tasmania. Before making any final investment decision in the Rentails Project, the Group is currently considering various factors including but not limited to the availability of funding and relevant statutory approvals. At present, no final investment decision in relation to the Rentails Project has been made and the development plan of the Rentails Project may or may not proceed.

The Group's performance is mainly affected by tin price, AUD exchange rate and production efficiency, which are factors to be carefully considered by investors.

FINANCIAL REVIEW

Revenue

The Group's audited consolidated revenue for the year ended 31 December 2017 amounted to approximately HK$428,938,000 (2016: HK$377,628,000), an increase of 13.6% from that of last year. The Group's revenue increased due to an increase in total production volume of tin metal and tin price during the year.

Cost of sales

Cost of sales mainly included direct material costs, direct labour costs and manufacturing overhead absorbed during the production process of our products. It was approximately HK$376,663,000 for the year ended 31 December 2017 (2016: HK$332,763,000), representing 87.8% of the revenue recorded in the corresponding year (2016: 88.1%). The lower cost of sales to revenue ratio for the year ended 31 December 2017 was due to the efforts by BMTJV's mining team in improving the productivity and efficiency of the Renison underground mine.

Gross profit

The Group had a gross profit of approximately HK$52,275,000 (2016: HK$44,865,000) with gross profit margin of 12.2% for the year ended 31 December 2017 (2016: 11.9%).

Administrative expenses

Administrative expenses, which represented approximately 7.2% of the Group's revenue, decreased by approximately 27.1% from HK$42,650,000 for the year ended 31 December 2016 to approximately HK$31,080,000 for the year ended 31 December 2017.

Finance costs

Finance costs represented 3.3% of the Group's revenue in this year, increased from HK$10,420,000 for the year ended 31 December 2016 to HK$14,195,000 for the year ended 31 December 2017. Increase was mainly due to increase in interest on other borrowing.

Profit for the year

The Group's audited consolidated profit attributable to the Company's shareholders for the year ended 31 December 2017 amounted to HK$25,402,000 (2016: HK$84,119,000). Decrease in profit was mainly due to a decrease in the reversal of impairment loss recognised on property, plant and equipment and exploration and evaluation assets in current year.

Profit before taxation would be approximately HK$17,150,000 (2016: HK$2,128,000) if the reversal of impairment loss recognised on property, plant and equipment and exploration and evaluation assets was not taken into account. The increase in adjusted profit before taxation was mainly due to an increase of sales volume and tin price in 2017.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations through internally generated cash flows and borrowings. As at 31 December 2017, the Group did not have any bank facilities but had obligation under finance lease of approximately HK$42,046,000 (2016: HK$54,699,000). The gearing ratio of the Group, calculated as a ratio of total liabilities to total assets, was 39.4% as at 31 December 2017 (2016: 57.0%).

As at 31 December 2017, the Group had net current assets of approximately HK$60,642,000 (2016: net current liabilities of approximately HK$75,355,000). Current ratio as at 31 December 2017 was 1.3 (2016: 0.8). The bank balances and cash of the Group as at 31 December 2017 was approximately HK$190,441,000 (2016: HK$160,499,000).

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

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

CHARGES OF ASSETS

As at 31 December 2017, our obligation under finance lease of HK$42,046,000 (2016: HK$54,699,000) was secured by property, plant and equipment of an amount of approximately HK$38,617,000 (2016: HK$50,688,000).

CONTINGENT LIABILITIES

As at 31 December 2017, except for the litigations as set out in the litigations section of this announcement, the Group did not have any significant contingent liabilities.

CAPITAL AND OTHER COMMITMENTS

The Group had capital and other commitments amounted to HK$17,958,000 as at 31 December 2017 (2016: nil).

SIGNIFICANT INVESTMENTS

For the year ended 31 December 2017, capital expenditure of the Group for property, plant and equipment amounted to approximately HK$103,585,000 (2016: HK$100,181,000). As at 31 December 2017, the Group's equity securities listed in Hong Kong amounted to approximately HK$2,820,000 (2016: HK$3,920,000).

MATERIAL ACQUISITION AND DISPOSAL

There were no material acquisition and disposal of business during the year 2017.

SHARE OPTION SCHEME

On 21 October 2008, the Company adopted a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Eligible participants of the Scheme include, without limitation, employees, Directors, shareholders and any other eligible persons of the Group.

There is no share option granted or outstanding during the year ended 31 December 2017.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2017, the Group employed approximately 27 employees (2016: 28). The Group implemented its remuneration policy, bonus and share option scheme based on achievements and performance of the employees. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong and stated-managed retirement benefit scheme in the People's Republic of China (the "PRC"). The employees for mining operation are employed by BMTJV on behalf of YT Parksong Australia Holding Pty Limited ("YTPAH") and Bluestone Mines Tasmania Pty Limited ("BMT"). These employees of BMTJV and the employees of YTPAH are members of a state-managed retirement benefit scheme in Australia (Superannuation fund). The Group continues to provide training facilities to the staff to enhance knowledge of industry quality standards.

MINES INFORMATION

Renison Tin Project

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

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

After the mining contract with the contractor 'Barminco' expired on 31 March 2016, BMTJV established its own operation team. In order to ensure a smooth handover of the mining operation, BMTJV extended the mining contract to 30 April 2016. For its own mining operation, BMTJV recruited a total of 103 employees, including 78 for mining (operators and supervision), 24 for mobile fleet maintenance and 1 for the store. Also, BMTJV purchased some new equipment and some suitable equipment from Barminco, amounting to approximately HK$13,721,000, and leased some new equipment amounting to approximately HK$118,561,000. From 1 May 2016, BMTJV started to its own operation of mining activities.

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

Drilling Data

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

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

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

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

Sampling/Assaying

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

Samples are dried at 90ºC, then crushed to QA/QC is ensured during the sub-sampling stage process via the use of the systems of an independent NATA/ISO accredited laboratory contractor.

Geology/Geological Interpretation

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

Renison underground mine has currently been mined over a strike length of >1,700m, a lateral extent of >900m and a depth of >1,100m.

Database

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

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

Estimation and modelling techniques

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

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

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

Grade estimation utilising 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 utilising a combination of various estimation derived parameters and geological/mining knowledge.

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

Tonnage estimates are dry tonnes.

Cut-Off Grade

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

Metallurgical and Mining Assumptions

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

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

Classification

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

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

Estimated Tin and Copper Reserves and Resources

For the year ended 31 December 2017, 333 core holes with NQ2 for 34,498 meters of core holes in total has been drilled for exploration purpose and the drilling program had effectively increased the amount of indicated resources and probable reserves.

As of 31 December 2017, the JORC compliant resources and reserves of Renison underground mine are categorised as follows:

Updated Resource and Reserve Estimates for Renison underground mine as at 31 December 2017

CATEGORY	**TIN**			**COPPER**		
	Tonnage (kt)	**Grade (%Sn)**	**Sn Metal (t)**	**Tonnage (kt)**	**Grade (%Cu)**	**Cu Metal (t)**
Resources						
Measured	1,452	1.85	26,867	1,452	0.39	5,596
Indicated	6,731	1.28	86,269	6,538	0.30	19,821
Inferred	6,791	1.32	89,742	6,782	0.14	9,185
Total	14,974	1.35	202,878	14,772	0.23	34,602
Reserves						
Proven	1,267	1.46	18,506	1,267	0.35	4,430
Probable	5,554	0.97	53,916	5,232	0.25	12,992
Total	6,821	1.06	72,422	6,499	0.27	17,422

During the year under review, an extensive exploration and resources development drilling campaign targeting underground targets was conducted over Renison underground mine. 929 meters of capital decline and 930 meters of sill development were advanced during the period. 7,083 tonnes of tin metal was produced from Renison underground mine and 0 tonne from Mount Bischoff, and processed ores averaged 1.31% Sn. No development or recovery production activities were carried out for Rentails Project.

For the year ended 31 December 2017, a total of approximately HK$112,915,000 capital expenditure was incurred for exploration, development or production activities. The details of the expenditure are shown below:

Capital Expenditure for the year ended 31 December 2017

Addition	**HK$'000**
Property, Plant and Equipment	103,585
Exploration and Evaluation Assets	9,330
Total	112,915

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

Total Resource and Reserve Estimates as at 31 December 2017 (note)

CATEGORY	**TIN**			**COPPER**		
	Tonnage (kt)	**Grade (%Sn)**	**Sn Metal (t)**	**Tonnage (kt)**	**Grade (%Cu)**	**Cu Metal (t)**
Resources						
Renison underground mine	14,974	1.35	202,878	14,772	0.23	34,602
Mount Bischoff	1,667	0.54	8,981	—	—	—
Rentails	23,220	0.44	102,950	23,220	0.23	52,716
Total	**39,861**	**0.79**	**314,809**	**37,992**	**0.23**	**87,318**
Reserves						
Renison underground mine	6,821	1.06	72,422	6,499	0.27	17,422
Mount Bischoff	—	—	—	—	—	—
Rentails	22,313	0.44	98,930	22,313	0.23	50,668
Total	**29,134**	**0.59**	**171,352**	**28,812**	**0.24**	**68,090**

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), MAuslMM. 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.

Note: The above information of this report are updated to its preparation date as at 31 March 2017. From 1 April 2017 to 31 December 2017, approximately 541,979 tonnes of tin ore were extracted from the Renison underground mine.

Renison Underground Mine

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

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

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

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

Mount Bischoff

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

Rentails

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

99,000 tonnes, one of the largest tin resources in Australia. Additional construction capital has been estimated to be approximately AUD213 million +/-15% for the recovery of Rentails. In view of the significant capital requirement before the value of Rentails can be unlocked, the Company had not assigned any value to this Rentails in our accounting books at the date of completion of the acquisition of Parksong. However, the management of BMTJV inspected the Yunnan Tin PRC production plants in the PRC in late April of 2013, and had in-depth discussions on the technology and equipment of tailing treatment. To propel the Rentails project, BMTJV has appointed Yunnan Tin PRC to appraise the project and provide recommendation for their consideration. For the year ended 31 December 2017, the Company was of the view that Rentails should continue to carry zero value as the Group does not have any development plan and certainly would not have sufficient funding for this project in the foreseeable future.

RENEWAL OF MINING LEASE

The Mining Lease in respect of the Renison underground mine has expired on 1 August 2016. The renewal term of mining lease has been granted and will expire on 1 August 2031.

MANAGEMENT AGREEMENT

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

In order to facilitate the future cooperation between YTPAH and YTATR and settle all matters in relation to such agreement, discussion between YTPAH and YTATR is still going on.

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

LITIGATIONS

HCA 1357/2011

The legal proceedings involves the disputes regarding the sale and purchase agreement dated 13 July 2010 ("Parksong S&P Agreement") in relation to the sale and purchase of the entire issued share capital of Parksong Mining and Resource Recycling Limited ("Parksong") signed between Mr. Chan

Kon Fung ("Mr. Chan") as the vendor, Gallop Pioneer Limited ("GPL") as the purchaser and the Company being GPL's parent company as the guarantor. The completion of the acquisition of Parksong took place on 4 March 2011 ("Completion Date").

GPL and the Company were named as 1st Defendant and 2nd Defendant in a writ of summons with a Statement of Claim dated 11 August 2011 filed by Mr. Chan under High Court Action number 1357 of 2011 ("HCA 1357 Action"). Under the Statement of Claim, Mr. Chan alleged that GPL and the Company have breached the Parksong S&P Agreement by failing to make payment of AUD15,143,422.44 (equivalent to approximately HK$92,367,000), being the alleged amount of the "Receivables" which Mr. Chan alleged is entitled under the Parksong S&P Agreement ("Mr. Chan's Claim").

GPL and the Company denied Mr. Chan's Claim and have made counterclaim against Mr. Chan for his breach of the respective terms and/or guarantees and/or warranties in the Parksong S&P Agreement. GPL and the Company filed their Defence and Counterclaim on 11 October 2011 which was amended on 23 May 2012 (as "D&C2") and re-amended on 31 August 2016 (as"D&C3"). Under the D&C3, GPL and the Company sought to claim against Mr. Chan by way of counterclaim and set-off and stated that GPL has suffered loss and damage by reason of the following: (1) Mr. Chan has failed to make a payment to GPL in settlement of payables under the Parksong S&P Agreement ("Payables") (apart from the amount of AUD476,393 under (2) below; (2) the Company and GPL are disputing that Mr. Chan is entitled to claim the amount of AUD3,048,387.10 forming part of the Receivables and claim Mr. Chan for the sum of AUD476,393 forming part of the Payables in respect to cut-off of called cash payment as at the Completion Date; (3) Mr. Chan has prepared 3 sets of documents which showed a conflicting picture as to who was the owner of an advanced sum of AUD16.3 million ("AUD16.3 Million Issue") to Yunnan Tin Hong Kong (Holding) Group Co. Ltd. ("Yunnan Tin HK"), a majority-owned subsidiary of Parksong, before the completion of the acquisition; and/or further the said advanced sum of AUD16.3 million may be an amount owed to one of its shareholder, Yunnan Tin Group (Holding) Company Limited ("Yunnan Tin PRC"), by Yunnan Tin HK which is not recorded in the relevant accounts (and thus amounts to an additional amount under the Payables (as defined above)) which Mr. Chan is liable to compensate GPL for the said advanced sum of AUD16.3 million; (4) Mr. Chan unilaterally caused an Australian subsidiary of Yunnan Tin HK, YT Parksong Australia Holding Pty Limited, to enter into a tin concentrate package purchase underwriting agreement and a management agreement with Yunnan Tin Australia TDK Resources Pty Ltd. for a period of life of the mine on 1 December 2010, without the consent of GPL; and (5) the claim sum of USD2,059,897 due to production shortfall of contained tin in concentrate from the mine in Australia for the first anniversary after the Completion Date and compensation for each of the second and third anniversaries to be assessed. Under the D&C3, GPL claimed against Mr. Chan for the respective sums of AUD1,048,847.18, AUD476,393, AUD16,300,000, AUD8,505,000, USD2,059,897 (approximately of HK$176,699,000 in total) and damages etc.

Save and except that Mr. Chan has admitted in his Reply and Defence to Counterclaim dated 9 December 2011 and subsequently amended on 10 July 2012 (as "R&DC2") and 5 June 2013 (as "R&DC3") and 2 June 2017 (as "R&DC4") that (1) the third set of documents as pleaded in the

D&C3 reflected the correct position and understanding of Mr. Chan, GPL and the Company in making the Parksong S&P Agreement, and (2) that the Payables due under the Parksong S&P Agreement was at the sum of AUD3,244,520.24, Mr. Chan has denied the claims made by GPL and the Company in the D&C3.

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

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

For the issue on production shortfall, compensation is based on Mr. Chan's production guarantee of 6,500 tonnes of contained tin in concentrate for each of the three anniversaries from the Completion Date under the Parksong S&P Agreement. The actual figures of tin production were confirmed to be approximately 4,979 tonnes, 6,159 tonnes and 6,013 tonnes respectively by Parksong's advisor, resulting in respective shortfalls of 1,521 tonnes, 341 tonnes and 487 tonnes. GPL's claims on compensation for production shortfalls are in sum of approximately AUD3,284,000, AUD650,000 and AUD1,021,000 respectively (approximately of HK$30,227,000 in total). However, the Company and GPL are now making application to engage expert to provide expert's opinion on these amounts under the said Expert Evidence Application.

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

After an initial hearing on 19 December 2014 in respect of the said Joinder Application, the said Expert Evidence Application and application for the Defendants' pleading amendment ("Defendants' Amendment Application"), further hearings on such applications had originally been scheduled to 28–29 July 2015. As mentioned above, the Plaintiff's Amendment Application was made by Mr. Chan on 3 June 2015. The Plaintiff's Amendment Application and the Defendants' Amendment Application were first heard on 28–29 July 2015 with the result that the said Joinder Application and the said Expert Evidence Application had to be further adjourned. On 4 August 2016, a decision was handed down by the Court under which the Plaintiff's Amendment Application was dismissed while the Defendants' Amendment Application was allowed. On 10 April 2017, Yunnan Tin PRC issued an application for joinder of parties and demanded Mr. Chan to better formulate his claim under the R&DC4 so that the disputes between all parties could be better dealt with. Further to the directions hearing on 20 April 2017, the hearing of the said Joinder Application and the said Expert Evidence Application was further adjourned to 19–20 December 2017. At the hearing on 19 December 2017, the said Joinder Application was permitted. Yunnan Tin PRC and Yunnan Tin HK were joined HCA1357 Action as 3rd Defendant and 4th Defendant and directions were made by the Court for filing of their Defence and Counterclaim. In addition to Mr. Chan's non-opposition to expert evidence application on production shortfall, the hearing of remaining applications under the said Expert Evidence Application was adjourned pending confirmation from Mr. Chan whether he would continue to oppose them. Eventually on or about 16 January 2018, Mr. Chan indicated non-opposition to the remaining applications. Expert evidence are to be prepared and a direction hearing for it has been fixed to be heard on 6 June 2018.

On 19 March 2018, Yunnan Tin PRC as claimant filed its defence and counterclaim against 4 defendants including Parksong, Yunnan Tin HK, GPL and Mr. Chan, as disclosed in announcement of the Company dated 21 March 2018. The counterclaim under the Defence and Counterclaim relates to the same subject matter in another legal proceedings (HCA 3132/2016 as stated below). Parksong, Yunnan Tin HK and GPL are seeking legal advice from their legal advisers regarding the Defence and Counterclaim. Further announcement in relation to the progress of the litigation will be made as and when appropriate.

The legal proceedings are now being considered with these additional evidence and related investigation and development. GPL is now making re-assessment on Mr. Chan's Claim and the compensation to be sought under the counterclaims of GPL and the Company, including the amount on the Payables and the compensation for production shortfall.

HCA 3132/2016

It has come to the attention of the Group that a writ of summons with general endorsements under High Court Action number 3132/2016 (**"HCA 3132 Action**") was issued by Yunnan Tin PRC against Parksong, Yunnan Tin HK and Mr. Chan on 30 November 2016. Under HCA 3132 Action, Yunnan Tin PRC has made various claims which relates to the AUD 16.3 Million Issue. The writ of summons was eventually served in November 2017. At the hearing on 19 December 2017 under HCA 1357 Action, both Mr. Chan and Yunnan Tin PRC indicated their understanding that the matters under HCA 3132 Action shall be more conveniently dealt with under HCA 1357 Action and it has been indicated that HCA 3132 Action shall be discontinued in due course.

HCA 492/2017

By an amended writ of summons dated 3 March 2017, the Company, GPL, Parksong and Yunnan Tin HK as 4 plaintiffs have issued the writ with general endorsements under High Court Action number 492 of 2017 (**"HCA 492 Action**") under which, amongst others, the Company and GPL made various claims against Mr. Chan as defendant including a declaration that Mr. Chan shall indemnify the Company and GPL for damages and loss suffered as a consequence of the claims of Yunnan Tin PRC under the HCA 3132 Action and for the sum of AUD16.3 million for breach of the Parksong S&P

Agreement. Under HCA 492 Action, Parksong and 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 HCA492 Action.

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the list securities of the Company during the year.

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 and the People's Republic of China, the Group has not operated any other retirement benefit schemes for the Group's employees.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, save and except the designation disclosed herein below, the Company has complied with the Corporate Governance Code as set out in Appendix 14 to Listing Rules during the year ended 31 December 2017.

Following the removal of Mr. James Munn as independent non-executive director of the Company with effect from 19 January 2018, the number of independent non-executive directors of the Company has fallen below the minimum number of three independent non-executive directors and one-third of the Board as required under Rules 3.10(1) and 3.10A of the Listing Rules and the Company has also become unable to fulfil the requirement of having three members on the audit committee under Rule 3.21 of the Listing Rules.

The Company currently has two independent non-executive directors. The Company is finding an additional suitable candidate for appointment as independent non-executive director of the Company to meet the requirements relating to the number of independent non-executive directors and composition of the audit committee.

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 of the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2017.

SUBSEQUENT EVENT

Subsequent to the end of the reporting period on 21 March 2018, the Company, Cybernaut and Mr. Xie entered into another supplementary loan agreement to amend and restate the terms of the Loan Extension Agreement. Under the Loan Extention Agreement, the Company, Cybernaut and Mr. Xie agreed to extend the Maturity Date of the HK$40.4 million Loan for one year to 31 March 2019 with fixed rate of 8% per annum.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

The audit committee meets with the Group's senior management and external auditor 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 of Directors of the Company.

The Group's consolidated financial statements for the year ended 31 December 2017 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.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of the members to attend and vote at the annual general meeting, the register of members of the Company will be closed from Friday, 1 June 2018 to Friday, 8 June 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. Members whose names appear on the register of members of the Company at the close of business on Thursday, 31 May 2018 will be entitled to attend and vote at the annual general meeting. All transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's share register in Hong Kong, Tricor Investor Services Limited, at level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 31 May 2018.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS

The annual results announcement is published on the website of The Hong Kong Exchanges and Clearing Limited *(http://www.hkexnews.hk)* and the Company *(http://www.green-technology.com.hk)*. The annual report will be dispatched to shareholders and will be available on the website of The Hong Kong Exchanges and Clearing Limited and the Company in due course.

By the order of the Board
Greentech Technology International Limited
LI DONG
Chairman

Hong Kong, 26 March 2018

As at the date of this announcement, the board of directors of the Company comprises five executive directors, namely, Mr. LI Dong, Mr. NIE Dong, Mr. CHEUNG Wai Kuen, Mr. WANG Chuanhu and Ms. XIE Yue; one non-executive director, namely Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P and two independent non-executive directors, namely, Mr. CHI Chi Hung, Kenneth and Mr. ZENG Jin.