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 2018

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 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	3	**431,969**	428,938
Cost of sales		**(417,425)**	(376,663)
Gross profit		**14,544**	52,275
Interest income		**392**	599
Administrative expenses		**(40,783)**	(31,080)
Other expenses	4	**(9,943)**	(6,978)
Other gains and losses	5	**27,705**	16,529
Finance costs	6	**(5,027)**	(14,195)
Reversal of impairment loss recognised on property, plant and equipment		**65,147**	40,498
Reversal of impairment loss recognised on exploration and evaluation assets		**29,762**	14,176
Profit before taxation		**81,797**	71,824
Taxation	7	**(37,620)**	(23,190)
Profit for the year	8	**44,177**	48,634
Other comprehensive (expense) income for the year			
Item that will not be reclassified to profit or loss:			
Exchange difference arising on translation to presentation currency		**(51,744)**	30,777
Total comprehensive (expense) income for the year		**(7,567)**	79,411
Profit for the year attributable to:			
Owners of the Company		**39,345**	25,402
Non-controlling interests		**4,832**	23,232
		44,177	48,634
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(10,785)**	54,651
Non-controlling interests		**3,218**	24,760
		(7,567)	79,411
Earnings per share	9		
Basic (HK cents)		**0.6**	0.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
Non-current assets			
Property, plant and equipment		**373,618**	409,513
Exploration and evaluation assets		**164,974**	142,934
Deposits		**15,111**	14,099
		553,703	566,546
Current assets			
Inventories		**45,784**	34,657
Trade receivables	*10*	**24,670**	55,499
Other receivables, prepayments and deposits		**12,046**	8,936
Equity security at fair value through profit or loss ("FVTPL")		**1,015**	—
Held-for-trading investment		**—**	2,820
Tax recoverable		**39,273**	—
Bank balances and cash		**142,137**	190,441
		264,925	292,353
Current liabilities			
Trade payables	*11*	**31,909**	40,820
Other payables and accruals		**104,090**	104,178
Other borrowing		**56,580**	59,793
Obligations under finance lease		**14,171**	19,470
Tax payable		**—**	7,450
		206,750	231,711
Net current assets		**58,175**	60,642
Total assets less current liabilities		**611,878**	627,188

	2018	2017
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**34,150**	34,150
Reserves	**466,027**	476,812
Equity attributable to owners of the Company	**500,177**	510,962
Non-controlling interests	**4,662**	9,352
Total equity	**504,839**	520,314
Non-current liabilities		
Obligations under finance leases	**9,423**	22,576
Deferred tax liabilities	**78,442**	63,817
Provision for rehabilitation	**19,174**	20,481
	107,039	106,874
	611,878	627,188

NOTES:

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.

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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs and the interpretation 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 the consolidated financial statements.

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from sales of tin and copper bearing ores.

Accounting policies resulting from the application of HKFRS 15 will be disclosed in the notes to the consolidated financial statements for the year ended 31 December 2018 to be published together with the annual report 2018 of the Company.

The Group has performed an assessment on the impact of the adoption of HKFRS 15 and concluded that no material financial impact exists, and therefore no adjustment to the opening balance of accumulated losses or the non-controlling interests as at 1 January 2018 is required.

HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Accounting policies resulting from the application of HKFRS 9 will be disclosed in the notes to the consolidated financial statements for the year ended 31 December 2018 to be published together with the annual report 2018 of the Company.

Summary of effects arising from initial application of HKFRS 9

Classification and measurement of financial assets

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. The held-for-trading investments of HK$2,820,000 as at 1 January 2018 were reclassified as equity securities at FVTPL with no other financial impact on the opening accumulated losses and non-controlling interests. The trade receivables of HK$55,499,000 as at 1 January 2018 were reclassified as trade receivables at FVTPL with no other financial impact on the opening accumulated losses and non-controlling interests.

No other changes in classification and measurement on the Group's financial assets.

Impairment under ECL model

ECL for other financial assets at amortised cost, including other receivables and bank balances, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The directors of the Company consider that the probability of default is negligible for bank balances placed in banks with high credit rating and other receivables and concluded that no loss allowance to be recognised as at 1 January 2018.

3. REVENUE AND SEGMENT INFORMATION

Revenue

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

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:

	2018	2017
	HK$'000	*HK$'000*
Sales of tin concentrate	**431,969**	428,938

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 2018, non-current assets (excluding deposits) of the Group of HK$537,707,000 (2017: HK$551,284,000), HK$693,000 (2017: HK$955,000) and HK$192,000 (2017: HK$208,000) were located in Australia, the PRC and Hong Kong, respectively.

Information about sole customer

	2018	2017
	HK$'000	*HK$'000*
Yunnan Tin Australia TDK Resources Pty Limited ("YTATR")	**431,969**	428,938

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

4. OTHER EXPENSES

The amount comprises legal and professional fees of HK$9,943,000 (2017: HK$6,978,000) for the year ended 31 December 2018.

5. OTHER GAINS AND LOSSES

	2018	2017
	HK$'000	*HK$'000*
Fair value change of held-for-trading investment	**—**	(1,100)
Fair value change of equity security at FVTPL	**(1,805)**	—
Net foreign exchange gain	**30,598**	18,051
Loss on disposal of property, plant and equipment	**(1,192)**	(422)
Others	**104**	—
	27,705	16,529

6. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interests on obligations under finance leases	**1,485**	2,402
Unwinding of discount on provision for rehabilitation	**454**	55
Interest on other borrowing	**3,088**	11,738
	5,027	14,195

7. TAXATION

	2018	2017
	HK$'000	*HK$'000*
The taxation comprises:		
Current tax — Australian Company Tax	**13,510**	7,299
Deferred tax charge for the year	**24,110**	15,891
	37,620	23,190

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% (2017: 30%) on taxable profits on Australian incorporated entities.

8. PROFIT FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**2,427**	2,280
Cost of inventories recognised as an expense	**417,425**	376,663
Depreciation of property, plant and equipment	**142,904**	125,220
Minimum lease payments in respect of rented premises	**2,555**	2,494
Staff costs (including directors' emoluments)		
— Salaries and other benefits	**112,828**	92,348
— Contributions to retirement benefit schemes	**8,413**	7,772
	121,241	100,120

9. EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
Profit for the purposes of basic earnings per share:		
Profit for the year attributable to owners of the Company	**39,345**	25,402

	Number of shares	Number of shares
Number of ordinary shares for the purpose of basic earnings per share	**6,830,000,000**	6,061,506,849

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

10. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**24,670**	55,499

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

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**24,670**	55,499

11. 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:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**21,681**	26,045
31–60 days	**10,228**	14,775
Total	**31,909**	40,820

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.

12. DIVIDEND

The Directors do not recommend any payment of a final dividend (2017: NIL).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2018, instability in geopolitics brought uncertainties to the market and led to an underperforming global economy. Fortunately, global demand for tin metal remained stable, allowing the tin metal industry to maintain its positive growth momentum. According to the data from International Tin Association, tin metal global consumption in 2018 experienced an unexpected growth of 2.5% as compared to the previous year. However, the disruption in tin supplies in Myanmar, which is one of the world's major suppliers of tin metals, perplexing the supply of tin metals.

The annual average tin cash settlement price of London Metal Exchange (LME) was USD20,153 per tonne for the year ended 31 December 2018 (2017: USD20,085 per tonne), representing a year-on-year rise of 0.3%.

BUSINESS REVIEW

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

In 2018, total production volume of tin metal of the Renison underground mine was 6,557 tonnes (2017: 7,083 tonnes), representing a year-on-year decrease of approximately 7.4%. The decrease in production volume was due to the relatively lower grade of ore excavated in the first three quarters. YT Parksong Australia Holding Pty Limited, an associate of the Group which has 50% interest in the Renison underground mine, was entitled to 3,279 tonnes of tin metal (2017: 3,542 tonnes) available for sale.

For the year ended 31 December 2018, revenue of the Group recorded a 0.7% increase to HK$431,969,000. Annual gross profit was HK$14,544,000 (gross profit margin: approximately 3.4%), compared to annual gross profit HK$52,275,000 in 2017 (gross profit margin: approximately 12.2%). The Group's audited consolidated profit attributable to the Company's shareholders for the year ended 31 December 2018 amounted to HK$39,345,000 (2017: profit of HK$25,402,000). The increase was attributable to an increase in the reversal of impairment loss recognised on property, plant and equipment and exploration and evaluation assets in current year.

The Group continued exploration work in the Renison underground mine in 2018 to discover potential tin resources and reserves. When comparing its estimates of mineral resources and reserves as at 31 December 2018 and 31 December 2017 in the mine's estimation reports, the total mineral resources of the Renison underground mine increased by 10% year-on-year (from 14,974,000 tonnes to 16,437,000 tonnes) and the total ore reserves was 6,822,000 tonnes, similar to the previous year (2017: 6,821,000 tonnes). Such abundant amount of resources and reserves provides a solid foundation for production expansion.

In June 2018, the construction of the new purpose-built three-stage crushing, screening and ore sorting plant has been completed, trial operation commenced in the third quarter. Commissioning process has been carrying out according to its performance. The mining of higher grade ore for processing, along with the improved efficiency of the new purpose built plant, increased tin metal production from 1,616 tonnes in the third quarter to 1,798 tonnes in the fourth quarter, representing a 11% increase.

PROSPECT

Looking forward to 2019, the data from late 2018 and this year's February has shown that Area 5 and Leatherwood Trend within the Renison mine contain very significant zones of higher grade mineralisation, offering better chances to locate higher grade ore. The Group will actively conduct excavation work in the Renison underground mine, in order to fully utilise the resource potential of the mine and produce a better estimate of reserves of higher grade ore within the mine.

As the Group excavates higher grade ore in the Renison underground mine, and the new ore sorting machine commences operation, the tin metal production of the Renison underground mine is expected to be benefited. The Renison underground mine recorded its highest monthly tin metal production ever in January 2019. In the future, the Group will target more on mining higher grade ore in the Renison underground mine, while continuously adjusting the ore sorting machine, in order to raise tin metal production and strive for better returns.

In addition, the Group continues to cement its close business partnership with its long-term business partner Yunnan Tin Group Company Limited ("Yunnan Tin PRC"). In 2019, The Group signed an agreement with Yunnan Tin Australia TDK Resources Pty Ltd., a wholly-owned subsidiary of Yunnan Tin PRC on the renewal of tin supply contract through YT Parksong Australia Holding Pty Limited. The Group will receive stable income by providing tin concentrates to Yunnan Tin PRC until January 2022.

Looking forward, the Group is optimistic with the long-term development of the tin mining industry, and will strive for better returns through seising market opportunities, and stimulating its business development by enhancing operation management and production capacity of the mine.

FINANCIAL REVIEW

Revenue

The Group's audited consolidated revenue for the year ended 31 December 2018 amounted to approximately HK$431,969,000 (2017: HK$428,938,000), an increase of 0.7% from that of last year. The Group's revenue increased due to an increase in tin price during the year.

Cost of sales

Cost of sales mainly included direct material costs, direct labour costs and manufacturing overhead absorbed during the production process of our products. It was approximately HK$417,425,000 for the year ended 31 December 2018 (2017: HK$376,663,000), representing 96.6% of the revenue recorded in the corresponding year (2017: 87.8%).

Gross profit

The Group had a gross profit of approximately HK$14,544,000 (2017: HK$52,275,000) with gross profit margin of 3.4% for the year ended 31 December 2018 (2017: 12.2%). Decrease in gross profit was mainly due to the increase in depreciation and amortisation expenses and staff costs during the year.

Administrative expenses

Administrative expenses, which represented approximately 9.4% of the Group's revenue, increased by approximately 31.2% from HK$31,080,000 for the year ended 31 December 2017 to approximately HK$40,783,000 for the year ended 31 December 2018.

Finance costs

Finance costs represented 1.2% of the Group's revenue in this year, decreased from HK$14,195,000 for the year ended 31 December 2017 to HK$5,027,000 for the year ended 31 December 2018. Decrease was mainly due to decrease 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 2018 amounted to HK$39,345,000 (2017: HK$25,402,000). Increase in profit was mainly due to an increase in the reversal of impairment loss recognised on property, plant and equipment and exploration and evaluation assets in current year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations through internally generated cash flows and borrowings. As at 31 December 2018, the Group did not have any bank facilities but had obligation under finance lease of approximately HK$23,594,000 (2017: HK$42,046,000) and other borrowing from a shareholder of the Company of approximately HK$56,580,000 (2017: HK$59,793,000). The gearing ratio of the Group, calculated as a ratio of total liabilities to total assets, was 38.3% as at 31 December 2018 (2017: 39.4%).

As at 31 December 2018, the Group had net current assets of approximately HK$58,175,000 (2017: HK$60,642,000). Current ratio as at 31 December 2018 was 1.3 (2017: 1.3). The bank and cash balance of the Group as at 31 December 2018 was approximately HK$142,137,000 (2017: HK$190,441,000).

The Company and certain subsidiaries of the Company have amounts due from and to group companies, 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.

During the year, the Group's revenue and trade receivables were mainly denominated in USD while the Group's expenses and trade payables were mainly denominated in AUD and HK$. 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 2018, our obligation under finance lease of HK$23,594,000 (2017: HK$42,046,000) was secured by property, plant and equipment with the net carrying value of approximately HK$28,900,000 (2017 HK$38,617,000).

CONTINGENT LIABILITIES

As at 31 December 2018, except for the litigations as set out in the litigations section of this announcement, the Group did not have any significant contingent liabilities.

SIGNIFICANT INVESTMENTS

For the year ended 31 December 2018, capital expenditure of the Group for property, plant and equipment amounted to approximately HK$75,748,000 (2017: HK$103,585,000). As at 31 December 2018, the Group's equity securities listed in Hong Kong with fair value amounted to approximately HK$1,015,000 (2017: HK$2,820,000).

MATERIAL ACQUISITION AND DISPOSAL

There were no material acquisition and disposal during the year 2018.

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.

On 17 January 2011, the Company granted 110,000,000 share options to certain directors of the Company, employees and consultants of the Group. No consideration was received for the grant of the options. 50% of options are exercisable 10 years from 18 July 2011 and 50% of options are exercisable 10 years from 18 January 2012 at an exercise price of HK$1.704 per share. On and before 19

September 2011, all grantees agreed with the Company to cancel 80,000,000 share options granted to them and 30,000,000 share options lapsed due to the resignations of the relevant employees and consultants. No share options have been issued thereafter.

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2018, the Group employed approximately 31 employees (2017: 27). 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. From 1 May 2016, BMTJV started to its own operation of mining activities.

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

Drilling Data

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

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

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

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

Sampling/Assaying

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

Samples are dried at 90ºC, then crushed to <3mm. Samples are then riffle split to obtain a sub-sample of approximately 100g which is then pulverised to 80% passing 291um. 2g of the pulp sample is then weighed with 12g of reagents including a binding agent, the weighed sample is then pulverised again for one minute. The sample is then compressed into a pressed powder tablet for introduction to the X-Ray fluoresce. This preparation has been proven to be appropriate for the style of mineralisation being considered.

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

Geology/Geological Interpretation

Renison underground mine is one of the world's largest operating underground tin mines and Australia's largest primary tin producer. Renison underground mine is the largest of three major skarn, carbonate replacement, pyrrhotite-cassiterite deposits within western Tasmania. The Renison underground mine area is situated in the Dundas Trough, a province underlain by a thick sequence of Neoproterozoic-Cambrian siliciclastic and volcaniclastic rocks. At Renison underground mine, there are three shallow-dipping dolomite horizons which host replacement mineralisation. 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 >1,972m, a lateral extent of >1,486m and a depth of over 1,260m.

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 mineralised 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 utilising 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 40 m centres in the south of the mine and 25m centres in the north of the mine, while Inferred material is drilled at greater spacings.

Estimated Tin and Copper Reserves and Resources

For the period ended 31 December 2018, 472 core holes with NQ2 for 61,156 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 2018, 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 2018

CATEGORY	**TIN**			**COPPER**		
	Tonnage (kt)	**Grade (%Sn)**	**Sn Metal (t)**	**Tonnage (kt)**	**Grade (%Cu)**	**Cu Metal (t)**
Resources						
Measured	1,540	1.69	25,948	1,540	0.36	5,537
Indicated	7,142	1.30	92,727	6,948	0.28	19,658
Inferred	7,755	1.25	96,980	7,748	0.11	8,743
Total	16,437	1.31	215,655	16,236	0.21	33,938
Reserves						
Proven	1,310	1.29	16,935	1,310	0.33	4,282
Probable	5,512	0.94	51,848	5,512	0.20	10,895
Total	6,822	1.01	68,783	6,822	0.22	15,177

During the year under review, an extensive exploration and resources development drilling campaign targeting underground targets was conducted over Renison underground mine. 1,413 meters of capital development and 3,376 meters of operating development were advanced during the period. 6,557 tonnes of tin metal was produced from Renison underground mine and 0 tonne from Mount Bischoff, and processed ores averaged 1.23% Sn. No development or recovery production activities were carried out for Rentails Project.

For the year ended 31 December 2018, a total of approximately HK$90,417,000 capital expenditure was incurred for exploration, development or production activities. The details of the expenditure are shown below:

Operating Expenses for the year ended 31 December 2018

Included	***HK$'000***
Mining costs	122,883
Processing costs	82,481
Royalty	12,112
Transportation	2,010
Depreciation	142,373
Others	55,566
Total	417,425

Finance costs for the year ended 31 December 2018

	HK$'000
Interests on obligations under finance leases	1,485

Capital Expenditure for the year ended 31 December 2018

Addition	***HK$'000***
Property, Plant and Equipment	75,748
Exploration and Evaluation Assets	14,669
Total	90,417

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 2018

CATEGORY	**TIN**			**COPPER**		
	Tonnage (kt)	**Grade (%Sn)**	**Sn Metal (t)**	**Tonnage (kt)**	**Grade (%Cu)**	**Cu Metal (t)**
Resources						
Renison underground mine	16,437	1.31	215,655	16,236	0.21	33,938
Mount Bischoff	1,667	0.54	8,981	—	—	—
Rentails	23,886	0.44	104,370	23,886	0.22	52,714
Total	**41,990**	**0.78**	**329,006**	**40,122**	**0.22**	**86,652**
Reserves						
Renison underground mine	6,822	1.01	68,783	6,822	0.22	15,177
Mount Bischoff	—	—	—	—	—	—
Rentails	22,313	0.44	98,930	22,313	0.23	50,668
Total	**29,135**	**0.58**	**167,713**	**29,135**	**0.23**	**65,845**

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.

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 containerising and export.

Conventional up-hole longhole stoping methods have incorporated with up-hole rising utilising 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.

Rentails

The Rentails is based on the retreatment of process tailings which have accumulated since the commencement of mining at Renison underground mine. It involves the retreatment of approximately 21 million tonnes of tailings with an average grade of 0.45% tin and 0.22% copper at Renison in a dedicated tailings concentrator, with concentrate processed in a tin fumer. The tin tailings are stored in tailings dams at Renison underground mine. The contained tin within these dams is approximately 84,000 tonnes, one of the largest tin resources in Australia. Additional construction capital has been estimated to be approximately AUD213 million +/–15% for the recovery of Rentails. In view of the significant capital requirement before the value of Rentails can be unlocked, the Company had not assigned any value to this Rentails in our accounting books at the date of completion of the acquisition of Parksong. However, the management of BMTJV inspected the Yunnan Tin PRC production plants in the PRC in late April of 2013, and had in-depth discussions on the technology and equipment of tailing treatment. To propel the Rentails project, BMTJV has appointed Yunnan Tin PRC to appraise the project and provide recommendation for their consideration. For the period ended 31 December 2018, the Company was of the view that Rentails should continue to carry zero value as the Group does not have any development plan and certainly would not have sufficient funding for this project in the foreseeable future.

Renewal of mining lease

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

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, however no further progress for the discussion between YTPAH and YTATR during the year.

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

LITIGATIONS

HCA 1357/2011

The legal proceedings involves the disputes regarding the sale and purchase agreement dated 13 July 2010 ("Parksong S&P Agreement") in relation to the sale and purchase of the entire issued share capital of Parksong 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$83,546,000), being the alleged amount of the "Receivables" which Mr. Chan alleged is entitled under the Parksong S&P Agreement ("Mr. Chan's Claim").

GPL and the Company denied Mr. Chan's Claim and have made counterclaim against Mr. Chan for his breach of the respective terms and/or guarantees and/or warranties in the Parksong S&P Agreement. GPL and the Company filed their Defence and Counterclaim on 11 October 2011 which was amended on 23 May 2012 (as "D&C2") and re-amended on 31 August 2016 (as"D&C3") and further re-re-amended on 29 June 2018 (as "D&C4"). Under the D&C4, GPL and the Company sought to, amongst others, claim against Mr. Chan by way of counterclaim and set-off and stated that GPL has suffered loss and damage by reason of the following: (1) Mr. Chan has failed to make a payment to GPL in settlement of payables under the Parksong S&P Agreement ("Payables") (apart from the amount of AUD476,393 under (2) below; (2) the Company and GPL are disputing that Mr. Chan is entitled to claim the amount of AUD3,048,387.10 forming part of the Receivables and claim Mr. Chan for the sum of AUD476,393 forming part of the Payables in respect to cut-off of called cash payment as at 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&C4, GPL claimed against Mr. Chan for the respective sums of AUD1,048,847.18, AUD476,393, AUD16,300,000, AUD8,505,000, USD2,059,897 (approximately of HK$161,397,000 in total) and damages etc.

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

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

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

For the 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$27,340,000 in total). However, the Company and GPL are now making application to engage expert to provide expert's opinion on these amounts under the said Expert Evidence Application.

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

After an initial hearing on 19 December 2014 in respect of the said Joinder Application, the said Expert Evidence Application and application for the Defendants' pleading amendment ("Defendants' Amendment Application"), further hearings on such applications had originally been scheduled to 28-29 July 2015. As mentioned above, the Plaintiff's Amendment Application was made by Mr. Chan on 3 June 2015. The Plaintiff's Amendment Application and the Defendants' Amendment Application were first heard on 28-29 July 2015 with the result that the said Joinder Application and the said Expert Evidence Application had to be further adjourned. On 4 August 2016, a decision was handed down by the Court under which the Plaintiff's Amendment Application was dismissed while the Defendants' Amendment Application was allowed. On 10 April 2017, Yunnan Tin PRC issued an application for joinder of parties and demanded Mr. Chan to better formulate his claim under the R&DC4 so that the disputes between all parties could be better dealt with. Further to the directions hearing on 20 April 2017, the hearing of the said Joinder Application and the said Expert Evidence Application was further adjourned to 19-20 December 2017. At the hearing on 19 December 2017, the said Joinder Application was permitted. Yunnan Tin PRC and Yunnan Tin HK were joined HCA1357 Action as 3rd Defendant and 4th Defendant and directions were made by the Court for filing of their Defence and Counterclaim.

In respect of the Expert Evidence Application, Mr. Chan subsequently did not oppose to it, a directions hearing on the matter has been fixed on 6 June 2018. On 6 June 2018, the hearing was deferred and has been rescheduled to 10 April 2019.

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

Further, in March 2018, GPL and the Company applied for consolidation of HCA 492 Action (referred to below). The matter was heard on 6 June 2018 and the matter was further adjourned to a directions hearing on 10 April 2019.

In view of the new development and the filing of various pleadings and claims by the parties under the HCA 1357 Action and pending expert's opinion on the Defendants' Expert Application, there shall be re-assessment on the whole case, including the amount on the Payables and the compensation for production 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 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. In March 2018, application for extension for the plaintiffs to file a full statement of claim was made and the matter has been adjourned to be heard for directions at the hearing on 10 April 2019. It is intended that the matters under HCA 492 Action shall be dealt with under HCA 1357 Action.

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

The Board is committed to maintaining high standards of corporate governance. The Company has complied with the applicable code provisions in the Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2018 except for the followings:

Following the resignation of Mr. Deng Shichuan as an independent non-executive director with effect from 3 December 2017 and the removal of Mr. James Munn as an 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. Following the appointment of Mr. Zeng Jin as an independent non-executive director with effect from 1 March 2018 and Mr. Tan Kuang Hwee as an independent non-executive director with effect from 10 May 2018, the Company met the requirement relating to the independent non-executive directors under the Listing Rules.

Under Code provision A.6.7 stipulates the independent non-executive directors and the non-executive directors should attend the general meetings of the Company. However, due to other commitment, the independent non-executive director, Mr. Chi Chi Hung, Kenneth was unable to attend the annual general meeting held on 8 June 2018.

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 2018.

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 2018 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 Tuesday, 28 May 2019 to Friday, 31 May 2019, 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 Monday, 27 May 2019 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 Monday, 27 May 2019.

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 2018 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, 22 March 2019

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 three independent non-executive directors, namely, Mr. CHI Chi Hung, Kenneth, Mr. ZENG Jin and Mr. CHOW Wing Chau.