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綠科科技
Greentech

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00195)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	3	**443,661**	431,969
Cost of sales		**(437,803)**	(417,425)
Gross profit		**5,858**	14,544
Interest income		**570**	392
Administrative expenses		**(43,504)**	(40,783)
Other expenses	4	**(10,038)**	(9,943)
Other gains and losses	5	**22,093**	27,705
Finance costs	6	**(3,902)**	(5,027)
Provision for rehabilitation	12	**(45,553)**	—
(Impairment loss) reversal of impairment loss recognised on property, plant and equipment		**(3,274)**	65,147
(Impairment loss) reversal of impairment loss recognised on exploration and evaluation assets		**(1,679)**	29,762
(Loss) profit before taxation		**(79,429)**	81,797
Taxation	7	**11,610**	(37,620)
(Loss) profit for the year	8	**(67,819)**	44,177
Other comprehensive expense for the year			
Item that will not be reclassified to profit or loss:			
Exchange difference on translation from functional currency to presentation currency		**(5,743)**	(51,744)
Total comprehensive expense for the year		**(73,562)**	(7,567)
(Loss) profit for the year attributable to:			
Owners of the Company		**(61,589)**	39,345
Non-controlling interests		**(6,230)**	4,832
		(67,819)	44,177
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(67,277)**	(10,785)
Non-controlling interests		**(6,285)**	3,218
		(73,562)	(7,567)
(Loss) earnings per share	9		
Basic (HK cents)		**(0.9)**	0.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**290,910**	373,618
Right-of-use assets		**15,231**	—
Exploration and evaluation assets		**153,399**	164,974
Deposits		**20,172**	15,111
		479,712	553,703
Current assets			
Inventories		**43,929**	45,784
Trade receivables	*10*	**17,866**	24,670
Other receivables, prepayments and deposits		**9,379**	12,046
Equity security at fair value through profit or loss ("FVTPL")		**282**	1,015
Tax recoverable		**37,181**	39,273
Bank balances and cash		**157,487**	142,137
		266,124	264,925
Current liabilities			
Trade payables	*11*	**27,203**	31,909
Other payables and accruals		**106,679**	104,090
Other borrowing		**59,180**	56,580
Lease liabilities/obligations under finance leases		**11,130**	14,171
		204,192	206,750
Net current assets		**61,932**	58,175
Total assets less current liabilities		**541,644**	611,878

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Capital and reserves			
Share capital		**34,150**	34,150
Reserves		**398,750**	466,027
Equity attributable to owners of the Company		**432,900**	500,177
Non-controlling interests		**(12,351)**	4,662
Total equity		**420,549**	504,839
Non-current liabilities			
Lease liabilities/obligations under finance leases		**1,329**	9,423
Deferred tax liabilities		**54,410**	78,442
Provision for rehabilitation	*12*	**65,356**	19,174
		121,095	107,039
		541,644	611,878

NOTES

For the year ended 31 December 2019

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 is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is Suite No. 1B on 9/F, Tower 1, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company acts as an investment holding company and provides corporate management services to its subsidiaries. The major subsidiary of the Company engages in exploration, development and mining of tin and copper bearing ores in Australia ("Mining Operations").

The Company's functional currency is Australian Dollar ("AUD"). The consolidated financial statements are presented in Hong Kong Dollar ("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 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

2.1 *HKFRS 16 Leases*

The Group has applied Hong Kong Financial Reporting Standard ("HKFRS") 16 for the first time in the current year. HKFRS 16 superseded Hong Kong Accounting Standard ("HKAS") 17 "Leases", and the related interpretations.

Definition of a lease

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

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

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

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

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

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

The weighted average incremental borrowing rates applied is 8%.

		At 1 January 2019
	Note	*HK$'000*
Operating lease commitments disclosed as at 31 December 2018		**1,334**
Lease liabilities discounted at relevant incremental borrowing rates		**1,290**
Less: Practical expedient — leases with lease term ending within 12 months from the date of initial application		**(773)**
Lease liabilities relating to operating leases recognised upon application of HKFRS 16		**517**
Add: Obligation under finance leases recognised at 31 December 2018	*(a)*	**23,594**
Lease liabilities as at 1 January 2019		**24,111**
Analysed as		
Current liabilities		**14,385**
Non-current liabilities		**9,726**
		24,111

Note

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

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Note	**Right-of-use assets** *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		517
Assets previously under finance leases included in property, plant and equipment as at 31 December 2018	*(a)*	28,900
		29,417

The initial recognition of HKFRS 16 has had no impact on the Group's accumulated losses at 1 January 2019.

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

	Carrying amounts previously reported at 31 December 2018 *HK$'000*	**Adjustments** *HK$'000*	**Carrying amounts under HKFRS 16 at 1 January 2019** *HK$'000*
Non-current assets			
Right-of-use assets	—	29,417	29,417
Property, plant and equipment	373,618	(28,900)	344,718
Current liabilities			
Obligations under finance leases	14,171	(14,171)	—
Lease liabilities	—	14,385	14,385
Non-current liabilities			
Obligations under finance leases	9,423	(9,423)	—
Lease liabilities	—	9,726	9,726

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

[1] Effective for annual periods beginning on or after 1 January 2021.
[2] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

The Group anticipated that the application of all these new or revised standards to HKFRSs will result in changes in certain accounting policies of the Group but is not expected to have material impact on the Group's financial position and financial performance.

3. REVENUE AND SEGMENT INFORMATION

Revenue

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

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

	2019	2018
	HK$'000	*HK$'000*
Sales of tin concentrate	**443,661**	431,969

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 2019, non-current assets (excluding deposits) of the Group of approximately HK$456,226,000 (2018: HK$537,707,000), HK$473,000 (2018: HK$693,000), HK$2,074,000 (2018: HK$192,000) and HK$767,000 (2018: nil) were located in Australia, the PRC, Hong Kong and Vietnam, respectively.

Information about the sole customer

	2019	2018
	HK$'000	*HK$'000*
Yunnan Tin Australia TDK Resources Pty Limited ("YTATR")*	**443,661**	431,969

* *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$10,038,000 (2018: HK$9,943,000) for the year ended 31 December 2019.

5. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Fair value loss of equity security at FVTPL	**(733)**	(1,805)
Net foreign exchange gain	**22,381**	30,598
Gain (loss) on disposal of property, plant and equipment	**142**	(1,192)
Others	**303**	104
	22,093	27,705

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interests on lease liabilities/obligations under finance leases	**904**	1,485
Unwinding of discount on provision for rehabilitation	**278**	454
Interest on other borrowing	**2,720**	3,088
	3,902	5,027

7. TAXATION

	2019	2018
	HK$'000	*HK$'000*
The taxation comprises:		
Current tax — Australian Company Tax	**11,497**	13,510
Deferred tax (credit) charge for the year	**(23,107)**	24,110
	(11,610)	37,620

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% (2018: 30%) on taxable profits on Australian incorporated entities.

8. (LOSS) PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Auditor's remuneration	**2,020**	2,000
Cost of inventories recognised as an expense	**437,803**	417,425
Depreciation of property, plant and equipment	**120,879**	142,904
Depreciation of right-of-use assets	**17,881**	N/A*
Operating lease rentals in respect of rented premises	**N/A***	2,555
Short-term lease payments	**1,336**	N/A*
Staff costs (including directors' emoluments)		
— Salaries and other benefits	**119,206**	112,828
— Contributions to retirement benefit schemes	**8,471**	8,413
	127,677	121,241

* *Not applicable*

9. (LOSS) EARNINGS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
(Loss) profit for the purposes of basic (loss) earnings per share:		
— (Loss) profit for the year attributable to owners of the Company	**(61,589)**	39,345

	2019	2018
	Number of shares	Number of shares
Number of ordinary shares for the purpose of basic (loss) earnings per share	**6,830,000,000**	6,830,000,000

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

10. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**17,866**	24,670

The Group allows a credit period of 3 working days for 85% of the provisional value upon the delivery of goods (at the point when control of goods is transferred to customer) and issue of provisional invoices. For the remaining 15%, the Group allows a credit period of 10 working days after the issue of final invoice, which is derived based on the mutual agreement on grade and weights of tin 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 ageing analysis of trade receivables presented based on final invoice date at the end of the reporting period.

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**17,866**	24,670

As at 31 December 2019, the Group did not hold any collateral or other credit enhancements to cover its credit risks associated with the trade receivables classified as financial assets at FVTPL. Accordingly, its carrying amount of HK$17,866,000 (2018: HK$24,670,000) represents the maximum exposure to credit risk at 31 December 2019.

As at 31 December 2019 and 2018, the carrying amounts of the Group's trade receivables were all denominated in USD, currency other than the functional currency of the respective group entity.

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:

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**27,203**	21,681
31–60 days	**—**	10,228
Total	**27,203**	31,909

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. PROVISION FOR REHABILITATION

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

The Group expected that the majority of the additional provision arising from the revised closure plan of Mount Bischoff will be utilised in three years from the approval of the revised closure plan by the relevant regulatory or governmental authorities in Australia, which is expected to be at the earliest around mid-2020.

13. DIVIDEND

The Directors do not recommend any payment of a final dividend (2018: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Total production volume of tin metal of the Renison underground mine in 2019 was 7,418 tonnes (2018: 6,557 tonnes), representing a year-on-year increase of approximately 13%. YT Parksong Australia Holding Pty Limited ("YTPAH"), an indirect non-wholly owned subsidiary for the Company holding 50% interest in the Renison underground mine, was entitled to 3,709 tonnes of tin metal (2018: 3,279 tonnes) available for sale.

For the year ended 31 December 2019, revenue of the Group witnessed a 2.7% increase to approximately HK$443,661,000. The Group's audited consolidated loss attributable to the Company's shareholders amounted to approximately HK$61,589,000 (2018: profit of approximately HK$39,345,000). The loss was primarily attributable to an increase in the provision for rehabilitation in the sum of approximately AUD8 million (equivalent to approximately HK$45,553,000) and the impairment loss recognised on property, plant and equipment and exploration and evaluation assets of the Renison underground mine whereas there was a significant reversal of impairment in prior year.

During the reporting period, the Group proposed closing Mount Bischoff, which was placed into care and maintenance as the reserve had been depleted for a period of time. During the second half of 2019, there were discussions with external consultants and regulatory authorities relating to the closure plans of Mount Bischoff. Currently, a proposed closure plan is expected to be submitted to the relevant regulatory or governmental authorities in Australia for approval in around mid-2020 the earliest.

The Group continued exploration work in the Renison underground mine in 2019 to discover potential tin resources and reserves. During the reporting period, the Group discovered the Bell 50 region. Ongoing drilling has confirmed that the high-grade Area 5 zone continues into the Bell 50 region. According to the Group's recent estimates of mineral resources published in December 2019, the contained tin within the Renison underground mine increased by 8% from 263,000 tonnes to 285,100 tonnes. As at 10 December 2019, the measured, indicated and inferred mineral resources within the Renison underground mine was approximately 18,540,000 tonnes, with the grade of ore reaching 1.54%. The increase in contained tin within the Renison underground mine provided greater room for the Group to enhance its production volume.

PROSPECT

Going forward in 2020, the Group will continue to conduct drilling campaign on ore grade control and resources defining in Area 5 and Leatherwood Trend within the Renison underground mine, in order to excavate high-grade ore from the area. In addition, the Group will carry on with its development in other areas within the Renison underground mine, including Bell 50 area located at the bottom of Area 5, with a view to increasing tin metal production and striving for better returns.

Regarding the tin market, the fast-growing development of new energy vehicles, smart manufacturing and 5G-related electronics have provided new impetus to tin applications. Among these, thanks to the growing demand for 5G-related electronics, tin will be frequently used in the production of wireless mobile and cloud infrastructure networks. Meanwhile, the setting up of such infrastructure requires new electronic and electrical interconnections, which will then create new demand for tin and solder-using equipment. However, the global economy has been dragged by the coronavirus disease (COVID-19) outbreak since the beginning of 2020, inevitably posing a negative impact on tin market. As the situation remains fluid as at the date of this announcement, the Directors considered that the effect of COVID-19 on the Group's business operations and financial conditions cannot be reasonably estimated.

The Group continues to strengthen its business partnership with long-term business partner Yunnan Tin Group Company Limited ("Yunnan Tin PRC"). The Group entered into an agreement with Yunnan Tin Australia TDK Resources Pty Ltd. ("YTATR"), a wholly-owned subsidiary of Yunnan Tin PRC on the renewal of tin supply contract through YTPAH, pursuant to which the Group will continue to provide tin to Yunnan Tin PRC until January 2022. Such arrangement will generate stable and promising income for the Group.

Looking forward, the Group will pay close attention to the impact of the coronavirus disease outbreak on its operating and financial conditions, and take appropriate measures accordingly. Meanwhile, the Group will adopt a prudent yet forward-looking development approach and strive for continuous improvement through seizing market opportunities, and will also enhance its competitiveness by refining mine management and enhancing production efficiency, thus delivering better returns to the Company's shareholders and investors.

FINANCIAL REVIEW

Revenue

The Group's audited consolidated revenue for the year ended 31 December 2019 amounted to approximately HK$443,661,000 (2018: approximately HK$431,969,000), an increase of approximately 2.7% from that of last year. The Group's revenue increased due to an increase in production volume which was partly offset by a decrease 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$437,803,000 for the year ended 31 December 2019 (2018: approximately HK$417,425,000), representing approximately 98.7% of the revenue recorded in the corresponding year (2018: approximately 96.6%).

Gross profit

The Group had a gross profit of approximately HK$5,858,000 (2018: approximately HK$14,544,000) with gross profit margin of 1.3% for the year ended 31 December 2019 (2018: 3.4%). Decrease in gross profit was mainly due to the decrease in tin price and the increase in depreciation and amortisation expenses and staff costs during the year.

Administrative expenses

Administrative expenses, which represented approximately 9.8% of the Group's revenue, increased by approximately 6.7% from approximately HK$40,783,000 for the year ended 31 December 2018 to approximately HK$43,504,000 for the year ended 31 December 2019.

Finance costs

Finance costs represented approximately 0.9% of the Group's revenue in this year, decreased from approximately HK$5,027,000 for the year ended 31 December 2018 to approximately HK$3,902,000 for the year ended 31 December 2019. Decrease in finance costs was mainly due to decrease in interest on lease liabilities and other borrowing.

(Loss) profit for the year

The Group's audited consolidated loss attributable to the Company's shareholders for the year ended 31 December 2019 amounted to approximately HK$61,589,000 (2018: profit of approximately HK$39,345,000). The turn from profit to loss was mainly due to an increase in the provision for rehabilitation in current year and the impairment loss recognised on property, plant and equipment and exploration and evaluation assets of the Renison underground mine whereas there was a significant reversal of impairment in prior year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations through internally generated cash flows and borrowings. As at 31 December 2019, the Group did not have any bank facilities but had lease liabilities of approximately HK$12,459,000 (2018: obligations under finance leases of approximately HK$23,594,000) and other borrowing from a shareholder of the Company of approximately HK$59,180,000 (2018: approximately HK$56,580,000) which is an unsecured loan guaranteed by Mr. Xie Haiyu, a former shareholder of the Company, and is interest-bearing at a fixed rate of 8% per annum with a maturity date on 31 March 2020. As at the date of this announcement, the Company is in the course of negotiation with the lender to extend the maturity date of the loan. The gearing ratio of the Group, calculated as a ratio of total liabilities to total assets, was 43.6% as at 31 December 2019 (2018: 38.3%).

As at 31 December 2019, the Group had net current assets of approximately HK$61,932,000 (2018: approximately HK$58,175,000). Current ratio as at 31 December 2019 was 1.3 (2018: 1.3). The bank and cash balance of the Group as at 31 December 2019 was approximately HK$157,487,000 (2018: approximately HK$142,137,000).

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 2019, machineries with carrying values of approximately HK$12,615,000 (2018: HK$28,900,000) was pledged to secure the outstanding finance leases.

CONTINGENT LIABILITIES

As at 31 December 2019, 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$28,873,000 as at 31 December 2019 (2018: HK$16,021,000).

SIGNIFICANT INVESTMENTS

For the year ended 31 December 2019, capital expenditure of the Group for property, plant and equipment amounted to approximately HK$53,236,000 (2018: approximately HK$75,748,000). As at 31 December 2019, the Group's equity security listed in Hong Kong with fair value amounted to approximately HK$282,000 (2018: approximately HK$1,015,000).

MATERIAL ACQUISITION AND DISPOSAL

Acquisition of 10% of equity interest in Yu Jin Investment Co. Ltd. ("Yu Jin Investment (BVI)") involving issue of consideration shares under general mandate

On 24 December 2019, the Company entered into a share transfer agreement (the "Share Transfer Agreement") with Yu Jin Holdings Co. Ltd. (the "Vendor"), pursuant to which the Company has conditionally agreed to purchase 10 ordinary shares of Yu Jin Investment (BVI) (the "Sale Shares"), representing 10% of the entire issued share capital of Yu Jin Investment (BVI) as at the date of the Share Transfer Agreement, at a total consideration of HK$205,600,000 (the "Consideration"), subject to downward adjustment (the "Acquisition"). Yu Jin Investment (BVI) is indirectly interested in 60% equity interest in New Simin Resources Company Limited ("New Simin Resources"), a company incorporated in Mongolia, which in turn wholly owned 蒙古國巴彥洪戈爾省沙在冉五爾礦區 (MV-016950), an underground copper mineral mine located in Mongolia (the "Target Mine").

Assuming there be no adjustment on the Consideration, part of the Consideration shall be settled by the allotment and issue of 1,000,000,000 new ordinary shares in the share capital of the Company (the "Shares") by the Company (the "Consideration Shares") at the issue price of HK$0.1876 per Consideration Share on the date of completion to the Vendor. The Consideration Shares will be issued pursuant to the general mandate granted to the Directors by the shareholders of the Company (the "Shareholders") to allot, issue and deal with Shares not exceeding 20% of the then issued share capital of the Company at the annual general meeting of the Company held on 31 May 2019.

The Group is principally engaged in the exploration, development and mining of tin and copper bearing ores in Australia through a joint operation. As disclosed in the Company's interim report for the six months ended 30 June 2019, the Group has been exploring opportunities to expand its business to overseas emerging markets other than Australia with an objective to further increase its profitability and diversify its business. In this regard, the Group had identified the Target Mine which would meet the Group's needs on strengthening its mineral portfolio. Further, through the Acquisition, the Company shall benefit from the Vendor procuring New Simin Resources to enter into a framework agreement with the Company for the purchase of copper mineral from New Simin Resources at a price no higher than the market price. Hence, this is expected to support the sustainable development of the Group in respect of growth and profit potential through the Acquisition.

Pursuant to the Share Transfer Agreement, completion is subject to the satisfaction of certain conditions precedent by 31 January 2020, or such other date as the parties may agree in writing (the "Long Stop Date"). The Long Stop Date has been first extended to 7 February 2020 and further extended to 9 April 2020, or such other date as the parties may agree in writing. As at the date of this announcement, completion has not taken place.

Details were disclosed in the announcements of the Company dated 24 December 2019, 4 February 2020 and 6 February 2020 respectively.

Save as disclosed above, there were no material acquisition or disposal during the year 2019.

SHARE OPTION SCHEME

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

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, the Group employed approximately 316 employees (2018: 298). Total staff costs for the year ended 31 December 2019 was HK$127,677,000 (2018: HK$121,241,000). The Group implemented its remuneration policy and bonus 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 Vietnam. The employees for mining operation are employed by Bluestone Mines Tasmania Joint Venture Pty Limited ("BMTJV") on behalf of YT Parksong Australia Holding Pty Limited ("YTPAH") and Bluestone Mines Tasmania Pty Limited ("BMT"). These employees of BMTJV and the employees of YTPAH are members of a state-managed retirement benefit scheme in Australia (Superannuation fund). The Group continues to provide training facilities to the staff to enhance knowledge of industry quality standards.

MINES INFORMATION

Renison Tin Project

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

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

After the mining contract with the contractor '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 × 40m spacing in the south of the mine and 25m × 25m spacing in the north of the mine prior to mining occurring. A lengthy history of mining has shown that this sample spacing is appropriate for the Mineral Resource estimation process.

Sampling/Assaying

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

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

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

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 >2,065m, a lateral extent of >900m and a depth of over 1,300m.

Database

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

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

Estimation and modelling techniques

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

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

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

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

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

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

Tonnage estimates are dry tonnes.

Cut-Off Grade

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

Metallurgical and Mining Assumptions

Mining assumptions are based upon production results achieved in the currently operating 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 requires a zone of 45m having a data density of at least 4 samples, while Inferred material is drilled at greater spacings.

Estimated Tin and Copper Reserves and Resources

For the period ended 31 December 2019, 660 core holes with NQ2 for 80,218 meters of core holes in total has been drilled for exploration purpose and the drilling program had effectively increased the amount of indicated resources and probable reserves.

As of 31 December 2019, the JORC compliant resources and reserves of Renison underground mine are categorized as follows:

Updated Resource and Reserve Estimates for Renison underground mine as at 31 December 2019

CATEGORY[2]	**TIN**			**COPPER**		
	Tonnage (kt)[1]	**Grade (%Sn)**	**Sn Metal (t)**[1]	**Tonnage (kt)**[1]	**Grade (%Cu)**	**Cu Metal (t)**[1]
Resources						
Measured	1,750	1.66	29,200	1,750	0.29	5,000
Indicated	14,270	1.53	218,200	14,270	0.19	26,600
Inferred	2,510	1.50	37,700	2,510	0.21	5,200
Total	18,540	1.54	285,100	18,540	0.20	36,700
Reserves						
Proven	1,260	1.28	16,138	1,260	0.32	3,989
Probable	6,838	0.97	66,222	6,838	0.20	13,388
Total	8,098	1.02	82,360	8,098	0.21	17,377

1 Tonnes are reported as kilo tonnes (kt) and rounded to the nearest 10,000 tonnes; Sn and Cu tonnes are rounded to the nearest 100 tonnes. Rounding may result in some slight apparent discrepancies between the total amount and the aggregated amount of the corresponding sub-items.

2 Mineral Resources are reported inclusive of Mineral Resources modified to produce the Ore Reserve.

During the year under review, an extensive exploration and resources development drilling campaign targeting underground targets was conducted over Renison underground mine. 2,260 meters of capital development and 2,783 meters of operating development were advanced during the period. 7,420 tonnes of tin metal was produced from Renison underground mine and 0 tonne from Mount Bischoff, and processed ores averaged 1.40% Sn. No development or recovery production activities were carried out for Rentails Project.

For the year ended 31 December 2019, a total of approximately HK$66,532,000 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 2019

	HK$'000
Mining costs	116,962
Processing costs	92,453
Royalty	8,548
Transportation	4,209
Depreciation	137,004
Others	78,627
Total	437,803

Finance costs for the year ended 31 December 2019

	HK$'000
Interests on lease liabilities	696

Capital Expenditure for the year ended 31 December 2019

	HK$'000
Property, Plant and Equipment	53,236
Exploration and Evaluation Assets	13,296
Total	66,532

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

Total Resource and Reserve Estimates as at 31 December 2019

CATEGORY		**TIN**			**COPPER**	
	Tonnage (Kt)	**Grade (%Sn)**	**Sn Metal (t)**	**Tonnage (Kt)**	**Grade (%Cu)**	**Cu Metal (t)**
Resources						
Renison underground mine	18,540	1.54	285,100	18,540	0.20	36,700
Mount Bischoff	1,667	0.54	8,981	—	—	—
Rentails	23,886	0.44	104,370	23,886	0.22	52,714
Total	44,093	0.90	398,451	42,426	0.21	89,414
Reserves						
Renison underground mine	8,098	1.02	82,360	8,098	0.21	17,377
Mount Bischoff	—	—	—	—	—	—
Rentails	22,313	0.44	98,930	22,313	0.23	50,668
Total	30,411	0.60	181,290	30,411	0.22	68,045

The above information that relates to Mineral Resources report has been compiled by BMTJV technical employees under the supervision of Mr. Colin Carter ("Mr. Carter") B.Sc. (Hons), M.Sc. (Econ. Geol), 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 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.

During the reporting period, the Group proposed closing Mount Bischoff, which was placed into care and maintenance as the reserve had been depleted for a period of time. During the second half of 2019, there were discussions with external consultants and regulatory authorities relating to the closure plans of Mount Bischoff. Currently, a proposed closure plan is expected to be submitted to the relevant regulatory or governmental authorities in Australia for approval in around mid-2020 the earliest.

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 98,930 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.

Renewal of mining lease

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

MANAGEMENT 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.

YTPAH had entered into discussion with YTATR in order to facilitate the future cooperation between YTPAH and YTATR and settle all matters in relation to such agreement. However, there was no further progress on the discussion 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 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$82,582,000), 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 ("Called Sum Issue"); (3) Mr. Chan has prepared 3 sets of documents which showed a conflicting picture as to who was the owner of an advanced sum of AUD16.3 million ("AUD16.3 Million Issue") to Yunnan Tin Hong Kong (Holding) Group Co. Ltd. ("Yunnan Tin HK"), a majority-owned subsidiary of Parksong, before the completion of the acquisition; and/or further the said advanced sum of AUD16.3 million may be an amount owed to one of its shareholder, Yunnan Tin PRC, by Yunnan Tin HK which is not recorded in the relevant accounts (and thus amounts to an additional amount under the Payables (as defined above)) which Mr. Chan is liable to compensate GPL for the said advanced sum of AUD16.3 million; (4) Mr. Chan unilaterally caused an Australian subsidiary of Yunnan Tin HK, YT Parksong Australia Holding Pty Limited, to enter into a tin concentrate package purchase underwriting agreement and a management agreement with Yunnan Tin Australia TDK Resources Pty Ltd. for a period of life of the mine on 1 December 2010, without the consent of GPL; and (5) the claim sum of USD2,059,897 due to production shortfall of contained tin in concentrate from the mine in Australia for the first anniversary after the Completion Date and compensation for each of the second and third anniversaries to be assessed ("Production Shortfall Issue"). Under the D&C4, GPL claimed against Mr. Chan for the respective sums of AUD1,048,847.18, AUD476,393, AUD16,300,000, AUD8,505,000, USD2,059,897 (approximately of HK$159,630,000 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 Production Shortfall Issue, compensation is based on Mr. Chan's production guarantee of 6,500 tonnes of contained tin in concentrate for each of the three anniversaries from the Completion Date under the Parksong S&P Agreement. The actual figures of tin production were confirmed to be approximately 4,979 tonnes, 6,159 tonnes and 6,013 tonnes respectively by Parksong's advisor, resulting in respective shortfalls of 1,521 tonnes, 341 tonnes and 487 tonnes. GPL's claims on compensation for production shortfalls are in sum of approximately AUD3,284,000, AUD650,000 and AUD1,021,000 respectively (approximately of HK$27,024,000 in total). However, the Company and GPL are now making application to engage expert to provide expert's opinion on these amounts under the said Expert Evidence Application.

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

After an initial hearing on 19 December 2014 in respect of the said Joinder Application, the said Expert Evidence Application and application for the Defendants' pleading amendment ("Defendants' Amendment Application"), further hearings on such applications had originally been scheduled to 28–29 July 2015. As mentioned above, the Plaintiff's Amendment Application was made by Mr. Chan on 3 June 2015. The Plaintiff's Amendment Application and the Defendants' Amendment Application were first heard on 28–29 July 2015 with the result that the said Joinder Application and the said Expert Evidence Application had to be further adjourned. On 4 August 2016, a decision was handed down by the Court under which the Plaintiff's Amendment Application was dismissed while the Defendants' Amendment Application was allowed. On 10 April 2017, Yunnan Tin PRC issued an application for joinder of parties and demanded Mr. Chan to better formulate his claim under the R&DC4 so that the disputes between all parties could be better dealt with. Further to the directions hearing on 20 April 2017, the hearing of the said Joinder Application and the said Expert Evidence Application was further adjourned to 19–20 December 2017. At the hearing on 19 December 2017, the said Joinder Application was permitted. Yunnan Tin PRC and Yunnan Tin HK were joined HCA1357 Action as 3rd Defendant and 4th Defendant and directions were made by the Court for filing of their Defence and Counterclaim. In respect of the Expert Evidence Application, Mr. Chan subsequently did not oppose to it, a directions hearing on the matter has been fixed on 6 June 2018. On 6 June 2018, the hearing was deferred and has been rescheduled to 10 April 2019.

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

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

On 10 April 2019, orders were given by the Court that: (1) Expert evidence on AUD16.3 Million Issue, Called Sum Issue and Production Shortfall Issue be prepared. A further directions hearing on expert evidence shall be fixed after the parties have completed their respective expert evidence; (2) HCA 3132 Action and HCA 492 Action be stayed pending the determination of all the disputes in HCA 1357 Action.

In view of the new development and the filing of various pleadings and claims by the parties under the HCA 1357 Action and pending expert's opinion on the Defendants' Expert Application, there shall be re-assessment on the whole case, including the amount on the Payables and the compensation for the Production Shortfall Issue.

HCA 3132/2016

A writ of summons with general endorsements under High Court Action number 3132/2016 ("HCA 3132 Action") was issued by Yunnan Tin PRC against Parksong, Yunnan Tin HK and Mr. Chan on 30 November 2016. Under HCA 3132 Action, Yunnan Tin PRC has made various claims which relates to the AUD16.3 Million Issue. The writ of summons was eventually served in November 2017. At the hearing on 19 December 2017 under HCA 1357 Action, both Mr. Chan and Yunnan Tin PRC indicated their understanding that the matters under HCA 3132 Action shall be more conveniently dealt with under HCA 1357 Action and it indicated that HCA 3132 Action should be discontinued in due course. On 10 April 2019, order was given by the Court that HCA 3132 Action be stayed pending the determination of all the disputes in HCA 1357 Action.

HCA 492/2017

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

HCA2415/2019

The Company received a writ of summons under action number HCA2415/2019 issued in the High Court of the Hong Kong Special Administrative Region by Mr. Koo Yuen Kim (non-executive Director and a substantial shareholder of the Company) as plaintiff (the "Plaintiff") against the Company, Mr. Nie Dong (executive Director), Mr. Wang Chuanhu (executive Director), Ms. Xie Yue (executive Director), Mr. Zeng Jin (independent non-executive Director) and Yu Jin Holdings Co., Ltd. (the vendor under the Share Transfer Agreement (as defined in page 16 of this announcement)) as defendants. In the writ, the Plaintiff claimed for, among other things, (i) a declaration that the resolutions approving the proposed acquisition of Yu Jin Investment (BVI) (the "Proposed Acquisition") and the appointment of Ms. Sumiya Altantuya, Mr. Jin Ye and Mr. Duan Zhida (collectively, the "New Directors") as Directors (collectively the "Resolutions") are void or liable to be set aside; (ii) a declaration that the Share Transfer Agreement is void or has been rescinded or an order to set aside the Share Transfer Agreement; and (iii) an order that the Company be restrained from, among others, taking any steps to perform any acts in respect of the Proposed Acquisition, allot and issue consideration shares pursuant to the Share Transfer Agreement or otherwise to effect changes in the share capital of the Company and rely on the Resolutions or any instructions, votes or directions of any of the New Directors (collectively, the "Prohibited Acts"). The Plaintiff also applied for an injunction order against the Company restraining it from doing any of the Prohibited Acts (the "Injunction Order"). However, the judge did not grant the Injunction Order and the Company gave an undertaking to the effect that the Share Transfer Agreement would only be completed after the Board having considered and satisfactorily accepted the due diligence in a further meeting of the Board and the New Directors would not vote in the further board meeting in respect of any resolution concerning the completion of the Share Transfer Agreement.

Notwithstanding the above, pursuant to the consensus subsequently reached between the Company and the Plaintiff, it is agreed, among others, that no further action will be taken against each other and the Plaintiff will have four representatives on the Board, including himself as the Chairman, and will appoint a co-chief executive officer to the Company. Besides, the Plaintiff has withdrawn the requisition notice dated 13 December 2019 (the "Requisition Notice") and voted for an adjournment sine die of the extraordinary general meeting of the Company held on 12 February 2020 at 11:00 a.m. in respect of the Requisition Notice.

For details, please refer to the announcements of the Company dated 31 December 2019, 3 January 2020, 22 January 2020 and 31 January 2020 respectively.

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 ended 31 December 2019.

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 Vietnam, 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 Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2019 save and except the following deviations:

Non-Compliance with Code Provision A.1.1 of the Code

Pursuant to Code Provision A.1.1 of the Code, the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. The Board held two meetings in the year ended 31 December 2019, two of which were regular meetings to approve the final results for the year ended 31 December 2018 and the interim results for the six months ended 31 June 2019. Although the Company only held two regular Board meetings, the Directors are of the view that there was sufficient time and opportunity for each Director to discuss the operations of the Company as 20 Board meetings (including two regular Board meetings) were held in the year ended 31 December 2019. Going forward, the Board will use its best endeavor to meet regularly and hold at least four regular Board meetings each year.

Non-Compliance with Code Provisions A.6.7 and E.1.2 of the Code

Pursuant to Code Provision A.6.7 of the Code, independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. Pursuant to Code Provision E.1.2 of the Code, the chairman of the Audit Committee, Remuneration Committee and Nomination Committee should be invited to attend the annual general meeting. Due to other commitments, Tan Sri Dato' Koo Yuen Kim P.S.M., D.P.T.J. J.P, a non-executive Director, Mr. Chow Wing Chau, an independent non-executive Director and Mr. Chi Chi Hung, Kenneth, an independent non-executive Director and the chairman of each of the Audit Committee, the Nomination Committee and the Remuneration Committee, were unable to attend the annual general meeting of the Company held on 31 May 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 2019.

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 of the Company 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.

The Group's consolidated financial statements for the year ended 31 December 2019 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.

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 2019 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, 27 March 2020

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. WANG Chuanhu, Ms. XIE Yue and Ms. Sumiya Altantuya; two non-executive directors, namely, Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P (Mr. HSU Jing-Sheng as his alternate) and Mr. JIN Ye; and three independent non-executive directors, namely, Mr. CHI Chi Hung, Kenneth, Mr. ZENG Jin and Mr. DUAN Zhida.