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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 2020**

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 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	3	664,300	443,661
Cost of sales		<u>(627,956)</u>	<u>(437,803)</u>
Gross profit		36,344	5,858
Other income		1,011	570
Administrative expenses		(36,379)	(43,504)
Other expenses	4	(18,197)	(10,038)
Other gains and losses	5	459	22,093
Impairment loss under expected credit loss model on other receivable		(2,600)	–
Finance costs	6	(5,602)	(3,902)
Provision for rehabilitation		–	(45,553)
Reversal of impairment loss (impairment loss) recognised on property, plant and equipment		18,811	(3,274)
Reversal of impairment loss (impairment loss) recognised on exploration and evaluation assets		<u>9,256</u>	<u>(1,679)</u>
Profit (loss) before taxation		3,103	(79,429)
Taxation	7	<u>(13,594)</u>	<u>11,610</u>
Loss for the year	8	(10,491)	(67,819)
Other comprehensive income (expense) for the year			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange difference on translation from functional currency to presentation currency		43,798	(5,743)
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		(60)	–
Reclassification of cumulative translation reserve upon disposal of foreign operations		<u>(3,657)</u>	<u>–</u>
Other comprehensive income (expense) for the year		<u>40,081</u>	<u>(5,743)</u>
Total comprehensive income (expense) for the year		<u>29,590</u>	<u>(73,562)</u>

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(Loss) profit for the year attributable to:			
Owners of the Company		(25,663)	(61,589)
Non-controlling interests		15,172	(6,230)
		<u>(10,491)</u>	<u>(67,819)</u>
 Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		15,804	(67,277)
Non-controlling interests		13,786	(6,285)
		<u>29,590</u>	<u>(73,562)</u>
 Loss per share			
Basic (<i>HK cents</i>)	<i>9</i>	<u>(0.4)</u>	<u>(0.9)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<i>Notes</i>	2020	2019
		HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		344,237	290,910
Right-of-use assets		30,028	15,231
Exploration and evaluation assets		183,822	153,399
Deposits		21,968	20,172
		580,055	479,712
Current assets			
Inventories		195,557	43,929
Trade receivables	<i>10</i>	45,086	17,866
Advance payments to a supplier	<i>11</i>	93,449	–
Other receivables, prepayments and deposits		12,169	9,379
Equity security at fair value through profit or loss (“FVTPL”)		–	282
Tax recoverable		21,182	37,181
Derivative financial instrument		584	–
Bank balances and cash		102,662	157,487
		470,689	266,124
Current liabilities			
Trade payables	<i>12</i>	32,699	27,203
Other payables and accruals		117,909	106,679
Shareholders’ borrowings		296,256	59,180
Lease liabilities		9,543	11,130
Dividend payable to a non-controlling shareholder of a subsidiary		6,976	–
		463,383	204,192
Net current assets		7,306	61,932
Total assets less current liabilities		587,361	541,644

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and reserves		
Share capital	34,150	34,150
Reserves	414,554	398,750
	<hr/>	<hr/>
Equity attributable to owners of the Company	448,704	432,900
Non-controlling interests	(6,081)	(12,351)
	<hr/>	<hr/>
Total equity	442,623	420,549
	<hr/>	<hr/>
Non-current liabilities		
Lease liabilities	13,119	1,329
Deferred tax liabilities	61,744	54,410
Provision for rehabilitation	69,875	65,356
	<hr/>	<hr/>
	144,738	121,095
	<hr/>	<hr/>
	587,361	541,644
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION

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

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year 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.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
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	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2021.

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

3. REVENUE AND SEGMENT INFORMATION

Revenue

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

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

Segment information

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

During the year, the Group commenced the business for trading of gold products, and it is considered as a new operating and reportable segment by the CODM. Accordingly, prior year segment information disclosures have been represented to conform with the current year's presentation.

Segment revenue and results

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

	Mining Operations <i>HK\$'000</i>	Trading of gold products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
For the year ended 31 December 2020			
Segment revenue	<u>433,113</u>	<u>231,187</u>	<u>664,300</u>
Segment profit (loss)	<u>45,886</u>	<u>(417)</u>	<u>45,469</u>
Unallocated other income			764
Corporation administrative expenses			(23,916)
Other expenses			(18,197)
Unallocated other gains and losses			5,173
Impairment losses under expected credit loss model on other receivable			(2,600)
Unallocated finance costs			<u>(3,590)</u>
Profit before taxation			<u><u>3,103</u></u>
	Mining Operations <i>HK\$'000</i>	Trading of products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
For the year ended 31 December 2019			
Segment revenue	<u>443,661</u>	<u>–</u>	<u>443,661</u>
Segment loss	<u>(38,924)</u>	<u>–</u>	<u>(38,924)</u>
Unallocated other income			288
Corporate administrative expenses			(28,052)
Other expenses			(10,038)
Unallocated other gains and losses			45,779
Unallocated finance costs			(2,929)
Provision for rehabilitation			<u>(45,553)</u>
Loss before taxation			<u><u>(79,429)</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit generated (loss incurred) from each segment without allocation of certain other income, corporate administration expenses, other expenses, certain other gains and losses, certain finance costs, that are not directly relevant to the operating and reportable segments, as well as impairment losses under expected credit loss model on other receivable and provision for rehabilitation (in relation to the Mount Bischoff open-cut tin project). This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Geographical information

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

	Revenue from external customers		Non-current assets	
	Year ended 31 December		As at 31 December	
	2020	2019	2020	2019
	<i>HK\$'000</i>	HK\$'000	<i>HK\$'000</i>	HK\$'000
Australia	433,113	443,661	579,234	476,398
Hong Kong	231,187	–	566	2,074
Vietnam	–	–	255	767
Mainland China	–	–	–	473
	664,300	443,661	580,055	479,712

Information about major customers

	Year ended 31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Yunnan Tin Australia TDK Resources Pty Limited ("YTATR") ¹	433,113	443,661
Customer A ²	231,187	–

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

² Revenue from sales of gold products.

4. OTHER EXPENSES

The amount comprises legal and professional fees of HK\$18,197,000 (2019: HK\$10,038,000) for the year ended 31 December 2020.

5. OTHER GAINS AND LOSSES

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fair value gain of derivative financial instrument	584	–
Fair value loss of equity security at FVTPL	–	(733)
Gain on disposal of subsidiaries	3,572	–
Gain on disposal of property, plant and equipment	3,001	142
Gain on derecognition of right-of-use assets and lease liabilities	92	–
Net foreign exchange (loss) gain	(6,491)	22,381
Others	(299)	303
	<u>459</u>	<u>22,093</u>

6. FINANCE COSTS

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interests on lease liabilities	918	904
Unwinding of discount on provision for rehabilitation	182	278
Interest on shareholders' borrowings	4,502	2,720
	<u>5,602</u>	<u>3,902</u>

7. TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
The taxation comprises:		
Current tax — Australian Company Tax	11,686	11,497
Deferred tax charge (credit) for the year	<u>1,908</u>	<u>(23,107)</u>
	<u>13,594</u>	<u>(11,610)</u>

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% for both years.

Under Australian tax law, the tax rate used for the year is 30% (2019: 30%) on taxable profits on Australian incorporated entities.

8. LOSS FOR THE YEAR

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year has been arrived at after charging:		
Auditor’s remuneration	2,045	2,020
Cost of inventories recognised as an expense	627,956	437,803
Depreciation of property, plant and equipment	63,308	120,879
Depreciation of right-of-use assets	10,725	17,881
Staff costs (including directors’ emoluments)		
– Salaries and other benefits	124,933	119,206
– Contributions to retirement benefit schemes	8,949	8,471
	<u>133,882</u>	<u>127,677</u>

9. LOSS PER SHARE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the purposes of basic loss per share:		
– Loss for the year attributable to owners of the Company	<u>(25,663)</u>	<u>(61,589)</u>
	2020	2019
	Number of	Number of
	shares	shares
Number of ordinary shares for the purpose of basic loss per share	<u>6,830,000,000</u>	<u>6,830,000,000</u>

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

10. TRADE RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables arising from sales of tin concentrate	<u>45,086</u>	<u>17,866</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–30 days	<u>45,086</u>	<u>17,866</u>

No credit period is granted to customers for sales of gold products. Payment has to be made upon the delivery of goods to the customer.

As at 31 December 2020, 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\$45,086,000 (2019: HK\$17,866,000) represents the maximum exposure to credit risk at 31 December 2020.

As at 31 December 2020 and 2019, 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. ADVANCE PAYMENTS TO A SUPPLIER

As at 31 December 2020, the Group has advance payments to a supplier for purchase of gold of approximately HK\$93,449,000 (2019: nil).

12. TRADE PAYABLES

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	<u>32,699</u>	<u>27,203</u>

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

13. DIVIDEND

The Directors do not recommend any payment of a final dividend (2019: 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 2020 was 7,798 tonnes (2019: 7,418 tonnes), representing a year-on-year increase of approximately 5.1%. YTPAH, an indirect non-wholly owned subsidiary of the Company holding 50% interest in the Renison underground mine, was entitled to 3,899 tonnes of tin metal (2019: 3,709 tonnes) available for sale.

For the year ended 31 December 2020, revenue of the Group witnessed a 49.7% increase to approximately HK\$664,300,000. The Group's audited consolidated loss for the year attributable to the Company's shareholders amounted to approximately HK\$25,663,000 (2019: approximately HK\$61,589,000). The reduction in loss was mainly because no further one-off provision for rehabilitation in relation of Mount Bischoff in 2020 (2019: approximately AUD8 million (equivalent to approximately HK\$45,553,000)) and the reversal of impairment loss recognised on property, plant and equipment and exploration and evaluation assets of the Renison underground mine whereas there was an impairment in prior year.

During the year, the Group carried on the resource definition drilling program at the Renison underground mine to discover potential tin resources. The Group continued to explore the Bell 50 area, and the ongoing exploration work has also confirmed the high-grade Area 5 extension to the Bell 50 area. As of March 31, 2020, the total Renison measured, indicated and inferred resource was 18,547,000 metric tons at 1.57% grade of ore. The contained tin increased 46% to 120,318 metric tons, marking an increase of 12% of the measured and indicated resources, and an increase of 6% of the average grade of ore year-on-year (after deducting mining depletion). The enhancement in contained tin within the Renison underground mine facilitated the Group with more room to upgrade production volume.

Apart from the tin mining operation, the Group has developed its gold trading business in December 2020. The gold trading business is still in the development stage and its business scale will be gradually expanded in 2021.

PROSPECT

Going forward in 2021, the Group will continue to conduct drilling campaign on ore grade control and resources defining in Area 5, Leatherwood Trend Huon North within the Renison underground mine, in order to excavate high-grade ore from the area. In addition, the Group will carry on with its development in other areas within the Renison underground mine, including Bell 50 area located at the bottom of Area 5, to bolster the production volume of tin metals and strive for better returns.

Regarding the tin market, the fast-growing development of new energy vehicles, smart manufacturing and 5G-related electronics have provided new impetus to tin applications. There is a worldwide shortage of semiconductor components that has curtailed the production of electronic goods, smartphones and computers. As tin can be used as a replacement for lead in solder for connecting electronic circuits, which will create new global demand for tin and solder-using equipment. Besides, the work-from-home movement has seen consumers purchasing more electronics in order to get online. Furthermore, being unable to travel, consumers became more interested in improving their home electronics. This is a major solder-using area, the global demand has been growing significantly from the second half of 2020 and therefore the tin price has gradually increased since the second half year of 2020.

The Group seeks to forge ahead with its business cooperation with long-term business partner Yunnan Tin Group Company Limited (“Yunnan Tin PRC”). The Group, through YTPAH, entered into a tin supply agreement with Yunnan Tin Australia TDK Resources Pty Ltd. (“YTATR”), a wholly-owned subsidiary of Yunnan Tin PRC. Pursuant to which the Group will continue to provide tin to Yunnan Tin PRC until January 2022. Such arrangement will generate stable income for the Group.

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

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

FINANCIAL REVIEW

Revenue

The Group's audited consolidated revenue for the year ended 31 December 2020 amounted to approximately HK\$664,300,000 (2019: approximately HK\$443,661,000), a significant increase of approximately 49.7% from that of last year. The significant increase in the Group's revenue was primarily attributable to the introduction of the new business of gold trading of the Group which contributed approximately HK\$231,187,000 revenue of the Group.

Cost of sales

Cost of sales mainly included direct material costs, direct labour costs, manufacturing overhead absorbed during the production process of our products and service fee for processing the material purchased. It was approximately HK\$627,956,000 for the year ended 31 December 2020 (2019: approximately HK\$437,803,000), representing approximately 94.5% of the revenue recorded in the corresponding year (2019: 98.7%).

Gross profit

The Group had a gross profit of approximately HK\$36,344,000 (2019: approximately HK\$5,858,000) with gross profit margin of 5.5% for the year ended 31 December 2020 (2019: 1.3%). The increase in gross profit was mainly due to the improved profit margin as the cost of sales regarding the sales of tin concentrates decreased during the year.

Administrative expenses

Administrative expenses, which represented approximately 5.5% of the Group's revenue, decreased by approximately 16.4% from approximately HK\$43,504,000 for the year ended 31 December 2019 to approximately HK\$36,379,000 for the year ended 31 December 2020, mainly due to decrease in administrative staff costs.

Finance costs

Finance costs represented approximately 0.8% of the Group's revenue in this year, increased by approximately 43.6% from approximately HK\$3,902,000 for the year ended 31 December 2019 to approximately HK\$5,602,000 for the year ended 31 December 2020. The increase in finance costs was mainly due to the increase in interest in lease liabilities and shareholders' borrowings.

Loss for the year attributable to owners of the Company

The Group's audited consolidated loss attributable to owners of the Company amounted to approximately HK\$25,663,000 (2019: approximately HK\$61,589,000). The reduction in loss was primarily attributable to an absence of an one-off provision for rehabilitation in relation of Mount Bischoff for 2020 (2019: approximately AUD8 million (equivalent to approximately HK\$45,553,000) and the reversal of impairment loss recognised on property, plant and equipment and exploration and evaluation assets of the Renison underground mine whereas there was an impairment in prior year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations through internally generated cash flows and borrowings. As at 31 December 2020, the Group did not have any bank facilities but had lease liabilities of approximately HK\$22,662,000 (2019: approximately HK\$12,459,000) and borrowings from shareholders of the Company of approximately HK\$296,256,000 (2019: approximately HK\$59,180,000), of which approximately HK\$62,614,000 (2019: approximately HK\$59,180,000) is guaranteed by Mr. Xie Haiyu, a former shareholder of the Company, and is interest-bearing at a fixed rate of 8% per annum with a maturity date of 31 March 2020 and an interest on overdue balances are determined based on 3-month Hong Kong Interbank Offered Rate plus 2% per annum and is accrued on a daily basis. As at the date of this announcement, the Company is in the course of negotiation with the lender to extend the maturity date of the loan. The shareholders' borrowings also included an unsecured loan of approximately HK\$233,642,000 from existing shareholder and executive director Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P; and is interest-bearing at a fixed rate of 6% per annum with a maturity date of 4 December 2021. The gearing ratio of the Group, calculated as a ratio of total liabilities to total assets, was 57.8% as at 31 December 2020 (2019: 43.6%).

As at 31 December 2020, the Group had net current assets of approximately HK\$7,306,000 (2019: approximately HK\$61,932,000). Current ratio as at 31 December 2020 was 1.0 (2019: 1.3). The bank and cash balance of the Group as at 31 December 2020 was approximately HK\$102,662,000 (2019: approximately HK\$157,487,000).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

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

The Group currently does not maintain a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. During the year ended 31 December 2020, the Group used foreign exchange forward contract to partially eliminate the currency exposure of the Group.

CHARGES OF ASSETS

As at 31 December 2020, machineries with carrying values of approximately HK\$29,180,000 (2019: HK\$12,615,000) were pledged to secure the outstanding finance leases.

CONTINGENT LIABILITIES

As at 31 December 2020, 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\$44,659,000 as at 31 December 2020 (2019: HK\$28,873,000).

SIGNIFICANT INVESTMENTS

For the year ended 31 December 2020, capital expenditure of the Group for property, plant and equipment and exploration and evaluation assets amounted to approximately HK\$72,756,000 (31 December 2019: HK\$66,532,000). As at 31 December 2020, the Group had no other significant investment (2019: equity securities listed in Hong Kong with fair value of approximately HK\$282,000).

MATERIAL ACQUISITION AND DISPOSAL

During the year ended 31 December 2020, the Company did not have any significant acquisition and disposal of subsidiaries.

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. As at the date of this announcement, the Company has no subsiding share option scheme.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group employed approximately 335 employees (2019: 316). Total staff costs for the year ended 31 December 2020 was HK\$133,882,000 (2019: HK\$ HK\$127,677,000). The Group implemented its remuneration policy, bonus and salary based on achievements and performance of the employees. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong and state-managed retirement benefit scheme in the PRC and Vietnam. The employees for mining operation are employed by Bluestone Mines Tasmania Joint Venture Pty Limited (“BMTJV”) on behalf of YTPAH and Bluestone Mines Tasmania Pty Limited (“BMT”). These employees of BMTJV and the employees of YTPAH are members of a state-managed retirement benefit scheme in Australia (Superannuation fund). The Group continues to provide training facilities to the staff to enhance knowledge of industry quality standards.

MINE INFORMATION

Renison Tin Project

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

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

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

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

Drilling Data

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

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

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

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

Sampling/Assaying

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

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

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

Geology/Geological Interpretation

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

Renison underground mine has currently been mined over a strike length of >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 Renison underground mine. The current underground mining methods employed at Renison underground mine are considered applicable to the currently reported resource.

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

Classification

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

In general Measured material has been operationally developed, Indicated material requires a zone of 45m having a data density of at least 4 samples, while Inferred material is drilled at greater spacings.

Estimated Tin and Copper Reserves and Resources

For the year ended 31 December 2020, 686 core holes with NQ2 for 56,721 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.

Updated Resource Estimates for Renison underground mine and Rentails as at 31 December 2020

PROJECT	TIN			COPPER		
	Tonnes (’000)	Grade (%Sn)	Sn Metal (t)	Tonnes (’000)	Grade (%Cu)	Cu Metal (t)
Measured						
Renison Bell	1,623	1.77	28,659	1,623	0.29	4,719
Rentails	23,886	0.44	104,370	23,886	0.22	52,714
Sub-total	25,509	0.52	133,029	25,509	0.23	57,433
Indicated						
Renison Bell	14,260	1.59	226,598	14,260	0.18	26,035
Rentails	–	–	–	–	–	–
Sub-total	14,260	1.59	226,598	14,260	0.18	26,035
Inferred						
Renison Bell	2,664	1.36	36,305	2,664	0.22	5,849
Rentails	–	–	–	–	–	–
Sub-total	2,664	1.36	36,305	2,664	0.22	5,849
Total Resources						
Renison Bell	18,547	1.57	291,562	18,547	0.20	36,603
Rentails	23,886	0.44	104,370	23,886	0.22	52,714
Total I.M.R	42,433	0.93	395,932	42,433	0.21	89,317

During the year under review, an extensive exploration and resources development drilling campaign targeting underground targets was conducted over Renison underground mine. 2,229 meters of capital development and 2,888 meters of operating development were advanced during the period. 7,797 tonnes of tin metal was produced from Renison underground mine and 0 tonne from Mount Bischoff, and processed ores averaged 1.54% Sn. No development or recovery production activities were carried out for Rentails Project.

Operating Expenses for the year ended 31 December 2020

HK\$'000

Mining costs	147,858
Processing costs	97,342
Royalty	11,421
Transportation	2,482
Depreciation	71,579
Others	67,084
Total	<u>397,766</u>

Finance costs for the year ended 31 December 2020

HK\$'000

Interests on leases liabilities	<u>763</u>
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For the year ended 31 December 2020, a total of approximately HK\$72,732,000 capital expenditure was incurred for exploration, development, or production activities. The details of the expenditure are shown below:

Capital Expenditure for the year ended 31 December 2020

HK\$'000

Property, Plant and Equipment and Exploration and Evaluation Assets	<u>72,732</u>
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Updated Reserve Estimates for Renison underground mine and Rentails as at 31 December 2020

PROJECT	TIN			COPPER			
	Cut-off %	Tonnes (’000)	Grade (%Sn)	Sn Metal (t)	Tonnes (’000)	Grade (%Cu)	Cu Metal (t)
Proved Reserves							
Renison Bell	0.70%	1,203	1.52	18,227	1,203	0.23	2,756
Rentails	–	–	–	–	–	–	–
Sub-total	–	1,203	1.52	18,227	1,203	0.23	2,756
Probable Reserves							
Renison Bell	0.70%	7,407	1.38	102,091	7,407	0.17	12,764
Rentails	–	22,313	0.44	98,930	22,313	0.23	50,668
Sub-total	–	29,720	0.68	201,021	29,720	0.21	63,432
Total Mining Reserves							
Renison Bell	0.70%	8,610	1.40	120,318	8,610	0.18	15,520
Rentails	–	22,313	0.44	98,930	22,313	0.23	50,668
Total	–	30,923	0.71	219,248	30,923	0.21	66,188

The above information that relates to Mineral Resources report has been compiled by BMTJV technical employees under the supervision of Mr. Colin Carter (“Mr. Carter”) B.Sc. (Hons), M.Sc. (Econ. Geol), MAusIMM. Mr. Carter is a full-time employee of BMTJV and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr. Carter consents to the inclusion in this announcement 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 kilometers (“km”) south of the port of Burnie, 10km west of the mining town of Rosebery, and 16km northeast of Zeehan where BMTJV has an accommodation village with bulk of the workforce resided.

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

Conventional up-hole longhole stopping methods have incorporated with up-hole rising utilizing a purpose built drill rig. The majority of ore production was sourced from the Lower Federal, Central Federal Bassets, Area 4, and Huon North Areas. Development ore from the newly delineated Area 5 and Leatherwood areas was also mined during the year. These two new areas form a large part of the mine plan moving forward. The mining activities in the Area 4 and Lower Federal was completed during the year.

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

Mount Bischoff

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

The Group proposed closing Mount Bischoff, which was placed into care and maintenance as the reserve had been depleted for a period of time. The Mount Bischoff closure plan currently developed with the external consultants was in line with the discussions with the regulatory authorities in late 2019. Development and submission of the closure plan is behind schedule and delayed due to the outbreak of COVID-19. Work is continuing on finalising the plan, but the submission is now not expected to occur until 2022.

Rentails

The Rentails is based on the retreatment of process tailings which have accumulated since the commencement of mining at Renison underground mine. It involves the retreatment of approximately 24 million tonnes of tailings with an average grade of 0.44% tin and 0.22% copper 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. In view of a significant capital requirement is required before the value of Rentails can be unlocked, the Company had not assigned any value to this Rentails in our accounting books at the date of completion of the acquisition of Parksong. The management of BMTJV will continue to conduct study on the feasibility of the Rentails project.

Renewal of mining lease

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

LITIGATION

HCA 1357/2011

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

GPL and the Company were named as 1st Defendant and 2nd Defendant in a writ of summons with a Statement of Claim dated 11 August 2011 filed by Mr. Chan under High Court Action number 1357 of 2011 (“HCA 1357 Action”).

Under the Statement of Claim, Mr. Chan alleged that GPL and the Company have breached the Parksong S&P Agreement by failing to make payment of AUD15,143,422.44 (equivalent to approximately HK\$90,485,000), being the alleged amount of the “Receivables” which Mr. Chan alleged is entitled under the Parksong S&P Agreement (“Mr. Chan’s Claim”).

GPL and the Company denied Mr. Chan’s Claim and have made counterclaim against Mr. Chan for his breach of the respective terms and/or guarantees and/or warranties in the Parksong S&P Agreement. GPL and the Company filed their Defence and Counterclaim on 11 October 2011 which has subsequently been amended (“GPL and the Company D&C”). Under GPL and the Company D&C, GPL and the Company sought to, amongst others, claim against Mr. Chan by way of counterclaim and set-off and stated that GPL has suffered loss and damage by reason of the following: (1) Mr. Chan has failed to make a payment to GPL in settlement of payables under the Parksong S&P Agreement (“Payables”) (apart from the amount of AUD476,393 under (2) below); (2) GPL and the Company are disputing that Mr. Chan is entitled to claim the amount of AUD3,048,387.10 forming part of the Receivables and claim Mr. Chan for the sum of AUD476,393 forming part of the Payables in respect of cut-off of called cash payment as at the Completion Date (“Called Sum Issue”); (3) Mr. Chan has prepared 3 sets of documents which showed a conflicting picture as to who was the owner of an advanced sum of AUD16.3 million (“AUD16.3 Million Issue”) to Yunnan Tin Hong Kong (Holding) Group Co. Ltd. (“Yunnan Tin HK”), a majority-owned subsidiary of Parksong, before the completion of the acquisition; and/or further the said advanced sum of AUD16.3 million may be an amount owed to one of its shareholder, Yunnan Tin Group (Holding) Company Limited (“Yunnan Tin PRC”), by Yunnan Tin HK which is not recorded in the relevant accounts (and thus amounting to an additional amount under the Payables (as defined above)) which Mr. Chan is liable to compensate GPL for the said advanced sum of AUD16.3 million; (4) Mr. Chan unilaterally caused an Australian subsidiary of Yunnan Tin HK, YT Parksong Australia Holding Pty Limited, to enter into a tin concentrate package purchase underwriting agreement and a management agreement with Yunnan Tin Australia TDK Resources Pty Ltd. for the period of the life of the mine on 1 December 2010, without the consent of GPL; and (5) the claimed 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 GPL and the Company D&C, 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\$173,298,000 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 (“R&DC”) that, amongst others, (1) the third set of documents as pleaded in GPL and the Company D&C reflected the correct position and understanding of Mr. Chan, GPL and the Company in making the Parksong S&P Agreement, and (2) that the Payables due under the Parksong S&P Agreement was at the sum of AUD3,244,520.24, Mr. Chan has denied the claims made in GPL and the Company D&C.

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, an application for joinder of parties to engage Yunnan Tin PRC and Yunnan Tin HK was made in July 2014. By a court order dated 19 December 2017, Yunnan Tin PRC and Yunnan Tin HK were joined into the HCA1357 Action as 3rd Defendant and 4th Defendant. Subsequently on 19 March 2018, Yunnan Tin PRC served its Defence and Counterclaim (which is amended on 26 July 2018) in HCA 1357 Action (“Yunnan Tin PRC D&C”) under which Yunnan Tin PRC counterclaims against each of Mr. Chan, Parksong, Yunnan Tin HK and GPL for damages and/or the sum of AUD16.3 million and/or to join in a re-assignment of the sum of AUD16.3 million to Yunnan Tin PRC and/or rectification of accounts of Yunnan Tin HK to recognise the sum of AUD16.3 million as being due to Yunnan Tin PRC. From May 2018 to March 2019, Mr. Chan, Parksong, Yunnan Tin HK and GPL also filed its respective defence(s) to Yunnan Tin PRC’s counterclaim; Parksong, Yunnan Tin HK and GPL also made further counterclaims against Mr. Chan.

Further, an application for expert evidence on the AUD16.3 Million Issue, Called Sum Issue and Production Shortfall Issue was made by GPL and the Company in August 2014. By a court order dated 10 April 2019, orders were given by the Court to prepare expert evidence on these three issues. A further directions hearing on expert evidence took place on 6 October 2020 when the Court made a direction that a joint report/statement be made in respect of each of the AUD16.3 Million Issue, Called Sum Issue and Production Shortfall Issue. The progress of expert evidence is as follows:

1. *Expert reports on AUD16.3 Million Issue and Called Sum Issue*

On the AUD16.3 Million Issue and the Called Cash Issue, the experts appointed by GPL and the Company have prepared these expert reports and have made the same assessment as stated under GPL and the Company D&C. Yunnan Tin PRC has also prepared its expert reports of AUD16.3 Million Issue. In reply to all these reports, Mr. Chan has also prepared expert reports on AUD16.3 Million Issue and Called Cash Issue. The respective experts are meanwhile preparing a joint report setting out their agreements and disagreements.

2. *Expert report on Production Shortfall Issue*

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 claim for compensation for the 3-anniversary production shortfall is in the sum of approximately AUD4,956,000 (approximately of HK\$29,611,000). However, the expert for GPL and the Company has preliminarily assessed that the loss suffered by GPL and the Company should be approximately AUD2,593,000 (approximately of HK\$15,492,000). Mr. Chan has also filed his expert report on Production Shortfall Issue. The respective experts are meanwhile preparing a joint report setting out their agreements and disagreements.

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

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 listed securities of the Company during the year ended 31 December 2020.

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

Immediately following the resignation of Mr. Chow Wing Chau as an INED with effect from 21 January 2020, the number of INEDs had fallen below one-third of the Board as required under Rule 3.10A of the Listing Rules. Following the change of directors of the Company with effect from 14 April 2020, the Board comprises at least one-third of the directors who are independent non-executive directors and the Company has complied with the requirement prescribed under Rule 3.10A of the Listing Rules. In the opinion of the Directors, the Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2020.

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 with all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2020.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her 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.

The Group's consolidated financial statements for the year ended 31 December 2020 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 2020 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
Tan Sri Dato' KOO Yuen Kim
P.S.M., D.P.T.J. J.P
Chairman

Hong Kong, 29 March 2021

As at the date of this announcement, the board of directors of the Company comprises five executive directors, namely, Tan Sri Dato' KOO Yuen Kim P.S.M., D.P.T.J. J.P (Dr. HSU Jing-Sheng as his alternate), Ms. XIE Yue, Dr. HSU Jing-Sheng, Mr. WANG Chuanhu and Mr. SIM Tze Jye; and three independent non-executive directors, namely, Datin Sri LIM Mooi Lang, Mr. KIM Wooryang and Ms. PENG Wenting.

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