中矿国际有限公司
CHINA MINING INTERNATIONAL LIMITED

ANNUAL REPORT 2016

CONTENTS

CHAIRMAN'S MESSAGE

On behalf of the Board of China Mining International Limited (the "Company"), I present herewith the financial and operation reviews of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2016 ("FY2016").

FINANCIAL REVIEW

The Group achieved a turnover of RMB16.4 million in FY2016, representing a decrease of RMB693,000 or 4% from that of RMB17.1 million attained in FY2015. The decrease was principally attributed to fewer completed units being delivered to the buyers in respect of the Group's Xinxiang Sunny Town Project (新乡阳光新城项目).

Albeit maintaining a gross profit margin of about 23%, the Group registered a lower gross profit of RMB3.8 million in FY2016 compared to that of RMB3.9 million in FY2015.

In line with decreased business activities and coupled with the concerted cost-control efforts carried out by the Group, the general and administrative expenses as well as other expenses of the Group decreased respectively by RMB18.1 million or 41% from RMB44.0 million in FY2015 to RMB25.9 million in FY2016 and by RMB19.6 million or 70% from RMB28.1 million in FY2015 to RMB8.5 million in FY2016.

Consequence to the above, the Group drastically reduced its net loss by RMB32.1 million or 75% from RMB43.0 million in FY2015 to RMB10.9 million in FY2016.

OPERATION REVIEW

In FY2016, the following subsidiaries were deregistered/disposed with a view to streamline the operations of the Group:

1. Zhengzhou Elegant Jade Changqi Investment Co., Ltd (郑州美基昌奇投资有限公司), a dormant company held by the Company's wholly-owned subsidiary, Henan Sunshine Elegant Jade Real Estate Co., Ltd (河南阳光美基置业有限公司);

2. Henan Zhong Neng Mining Co., Ltd (河南中能矿业有限公司), a dormant company owned 70% and 30% via the Company's wholly-owned subsidiaries, Henan Sunshine Elegant Jade Real Estate Co., Ltd (河南阳光美基置业有限公司) and Xinxiang Huilong Real Estate Co., Ltd (新乡辉龙置业有限公司) respectively; and

3. Whitewood Property Corporation (辉活房地产有限公司), a dormant and loss-making subsidiary held by the Company's wholly-owned subsidiary, Elegant Jade Enterprises Limited (美基企业有限公司).

Albeit the abovementioned challenging environment, the Group, while continue seeking for new investment opportunities, including but not limited to resource related and property related businesses. The objective is to broaden the Group's revenue stream and enhance long term Shareholders' value and returns.

THE PROPOSED REVERSE TAKEOVER TRANSACTION

With regard to the reverse takeover transaction as first announced by the Company on 11 July 2013 and periodically thereafter on its progress, the latest being on 30 June 2016 (the "Proposed RTO"), the relevant parties to the amended and restated conditional sale and purchase agreement entered into on 31 December 2014 in respect of the Proposed RTO (the "Amended and Restated SPA") have entered into a supplementary agreement in extending the long-stop date for the completion of the Proposed RTO from 30 June 2016 to 30 June 2017. The relevant parties currently still await for certain technical reports to be completed in order that they may work out possible revised terms to the Amended and Restated SPA, which may include, but not limited to, the portfolio of the exploration and mining projects that will form part of the group of companies to be acquired by the Company pursuant to the Proposed RTO. Appropriate announcement concerning the Proposed RTO will be made as and when there is any significant development.

While waiting for the completion of the Proposed RTO, we will seek out and leverage on opportunities accorded by the property markets and the improving commodities prices in China to spur our growth and create a better value for shareholder.

THE PROPOSED INVESTMENT IN AN IRON MINE LOCATED IN SOUTH AFRICA

As regards the proposed investment in an iron ore mine located in the Thabazimbi, Limpopo Province, South Africa (the "Thabazimbi Project") as first announced by the Company on 25 April 2016 and periodically thereafter with the latest being made on 28 March 2017 (the "Announcement"), we are pleased that, with the necessary independent qualified persons' technical reports and valuation report concerning the Thabazimbi Project having been recently finalized by the appointed professionals, the Company and Sino-Africa Mining International Limited (the "Vendor") had on 28 March 2017 entered into a conditional Sale and Purchase Agreement (the "Agreement") for the sale by the Vendor and the purchase by the Company of 8,030 shares of a Luxembourg company, Sino Feng Mining International S.à r.l. (the "Target Company"), with the nominal value of US$1 each, constituting 40.15% of the total issued share capital of the Target Company (the "Proposed Investment"). Upon the completion of the Proposed Investment (which expects to complete in financial year 2017), the Company will, via the Target Company, hold an effective interest of 16.06% of the total issued share capital of a South African company, Aero Wind Properties (Pty) Ltd ("AWP"), which is the holder of a prospecting right granted by the relevant South African authority with an effective date of 4 February 2015, for a duration of 5 years, expiring on 3 February 2020, in respect of iron mineral over the Thabazimbi Project. Further details about the Proposed Investment and the Thabazimbi Project are available in the Announcement.

ACKNOWLEDGEMENTS

In closing, I would like to express my sincere appreciation to the management and staff for their hard work, contribution, commitment and dedication and say a big thank you to our suppliers, customers and bankers for their strong support over the years. I would also like to express my gratitude to my fellow Directors for their contributions and guidance in helping the Group to overcome the many challenges over the past year.

Last but not least, I would like to thank our Shareholders for the patience and trust as well as for standing by us throughout the past year, and I look forward to their continued support as we strive to transit into a new chapter.

Guo Yinghui
Chairman

BOARD OF DIRECTORS

GUO YINGHUI
Chairman

LI BIN
Chief Executive Officer

DONG LINGLING
Executive Director

WANG FUMIN
Executive Director

LIM HAN BOON
Independent Director

NING JINCHENG
Independent Director

CHAN SIEW WEI
Independent Director

GUO YINGHUI

Chairman

Mr Guo Yinghui ("Mr Guo") is the Chairman and founder of our Group. He was appointed to the Board on 31 January 2005. He is responsible for the formulation of the overall business strategies and policies. Mr Guo has developed his expertise in business operations and development based on his knowledge and experience gained in the property development industry in the PRC for the past 10 years. Mr Guo relinquished as Chief Executive Officer on 16 March 2012 and remains as the Executive Chairman to the Board of Directors.

Prior to establishing the Company's subsidiary, Xinxiang Huilong Real Estate Co., Ltd in 1999, Mr Guo was managing Jiaozuo Huilong Real Estate Co., Ltd for 3 years from 1996 and he was a civil servant in the PRC government for 15 years from 1981. Mr Guo is also currently the Director of Henan Huilong Committee of Registered Accountants of the PRC Finance Department in Group Co., Ltd.

Mr Guo obtained his Masters of Business Administration from Macau University of Science and Technology in 2003, a Certificate in Business Administration from Beijing University in 2002 and a Certificate in Economics Studies from Henan Science Committee in 1999. Mr Guo was appointed a Member of the Company's Nominating Committee on 22 September 2008. His last re-election was on 26 April 2016.

LI BIN

Chief Executive Officer

Mr Li Bin ("Mr Li") joined the Group as an investor relation manager and was appointed as Executive Director to the Board of Directors which responsible for the investor relation affairs of our Group on 12 November 2007. Mr Li previously worked in the securities company as senior manager and senior analyst for more than 10 years. Mr Li was appointed as Chief Executive Officer to the Board of Directors on 16 March 2012.

He obtained his Master in Economics from Wuhan University. His last re-election was on 26 April 2016.

DONG LINGLING

Executive Director

Ms Dong Lingling ("Ms Dong") joined the Group in 1996 as a Finance Manager and was appointed as the Group's General Manager on 19 June 2010 and an Executive Director on 29 April 2011. Ms Dong has years of working experience as an accountanct in a property company aprior to joing the Group. Ms Dong is responsible for the overall accounting management of the Group.

Ms Dong graduated with an accounting degree from Henan Caijin University. Her last re-election was on 15 April 2015.

WANG FUMIN

Executive Director

Mr Wang Fumin ("Mr Wang") was appointed as Executive Director of our Group on 15 June 2015. Mr Wang Fumin has been working in the mining related companies for the past 28 years. His last position was working as a general manager for Wu Gang Zhong Jia Mining Pte Ltd.

He graduated with a Master in mining engineering from Xi'an University of Architecture and Technology. His last re-election was on 26 April 2016.

BOARD OF DIRECTORS

LIM HAN BOON
Independent Director

Mr Lim Han Boon ("Mr Lim") was appointed the Independent Director of our Group on 9 December 2005. Mr Lim is concurrently an Independent Director of Addvalue Technologies Ltd. From 1997 to 2002, Mr Lim was the General Manager of Solid Resources Group, which is principally engaged in property development in PRC. Prior to joining Solid Resources Group, Mr Lim worked with NIF Management Singapore Pte Ltd and Murray Johnstone Asia Limited. Mr Lim was with the capital market group of DBS Bank from 1990 to 1993. Mr Lim holds a Master of Business Administration (Finance) Degree from the City University, UK and a Bachelor of Accountancy Degree from the National University of Singapore.

He is a Fellow Member of the Institute of Singapore Chartered Accountants and a Full Member of the Singapore Institute of Directors. He is also the independent director for Marco Polo Marine Ltd and Addvalue Technologies Ltd. His last re-election was on 15 April 2015.

NING JINCHENG
Independent Director

Mr Ning Jincheng ("Mr Ning") was appointed the Independent Director of our Group on 9 December 2005. Mr Ning is concurrently appointed as the Independent Director in few PRC companies. He has been a professor of law at the Zhengzhou University since 1997 and has been a practicing lawyer in PRC since 1988. He was a certified as a professor specializing in private commercial law by the Henan Teachers Qualification Appraisal Committee in 1997.

He was an Independent Director of Lingbao Gold Company Ltd ("Lingbao Gold"), a company listed on the Hong Kong stock exchange, during the period from September 2002 to January 2009. Lingbao Gold is principally engaged in the mining, processing, smelting and sale of gold and other metallic products in the PRC.

He obtained a Doctorate of Philosophy in Law (Civil Law and Business Law) from the Macau University of Science and Technology in 2005. His last re-election was on 26 April 2016.

CHAN SIEW WEI
Independent Director

Mr Chan Siew Wei ("Mr Chan") was appointed the Independent Director of our Group on 15 May 2012. Mr Chan graduated from the National University of Singapore with a Bachelor of Accountancy in 1984. From 1989 to 2010, he acted as an auditing partner of Chan Hock Seng & Co., a Certified Public Accounting Firm (CPA) in Singapore. He is currently the finance director of Toplink Pacific Pte Ltd, a technology company, and a director of INPACT Asia Pacific, an independent accounting firm networks in the Asia Pacific region.

Mr Chan is actively involved in non-profit organisations. On 1 September 2008, Mr Chan was appointed as the Board Director and Treasurer of World Future Foundation Ltd. A foundation sought to tackle issues threatening the future development of humanity.

He is a member of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors. He is also the Independent Directors and Audit Committee Chairman of Vashion Group Ltd since 2009. His last re-election was on 26 April 2016.

KEY MANAGEMENT

ZHANG XIAOYING

Ms Zhang Xiaoying ("Ms Zhang") has been working as Human Resources Manager and Administration Manager in other private companies for over 8 years prior joining the company in August 2006 as a General Manager of the Human Resource Department.

She graduated with Bachelor in Corporate and Logistics Management from the Mining University.

ZHAO HONGFEI

Ms Zhao Hongfei ("Ms Zhao") joined the Group in 2002 and was appointed as General Manager on 12 November 2007. Ms Zhao is responsible for the Group's project costing and cost control, project tender and procurement. Prior to joining our Group, Ms Zhao was with Xinxiang Construction Engineering Corporation responsible for project costing and pricing.

She graduated from Henan Radio and Television University with a Diploma in Industrial and Civil Construction.

GUO CHENGYI

Mr Guo Chengyi ("Mr Guo") joined the Group in 1999 as project manager and is now responsible for project management of the Group's various projects. Prior to joing the Group, he worked as a civil servant for almost 10 years was appointed as the general manager of Zhoukou Xinshijia Real Estate Co., Ltd ("Zhoukou Company")) in 2008. Mr Zhang is responsible for project development of the Zhoukou Company. Prior to joining our Group, Mr Zhang was working with China Construction Qiju Engineering Co., Ltd for over 20 years.

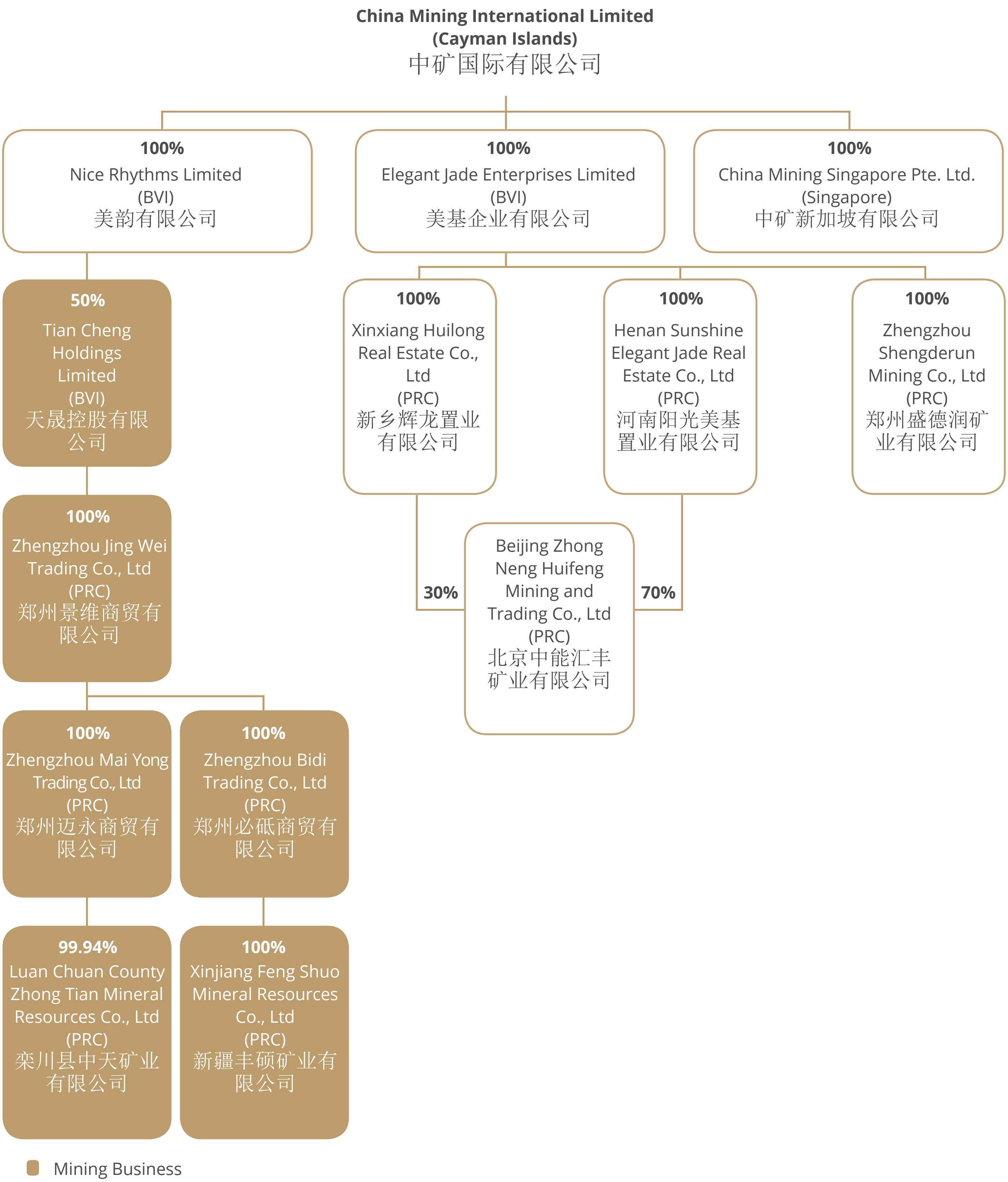
He graduated from Shanghai Tongji University.

YEO TZE KHERN

Mr Yeo Tze Khern ("Mr Yeo") was appointed as Chief Financial Officer and Joint Company Secretary of our Group on 13 July 2009. Mr Yeo is responsible for the overall management, operations and control of full spectrum of accounting process and functions of the Group including finance and functions of the Group including financial and management reporting as well as joint company secretary function. Mr Yeo has years of working experience in accounting and financial management in private held and public-listed companies and as an auditor in one of the big-four audit firm.

He graduated with a Master from Monash University (Australia), he is a Fellow Member of CPA Australia and Full Member of Institute of Singapore Chartered Accountants, CPA Hong Kong and Singapore Institute of Directors.

GROUP STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Guo Yinghui, Chairman and Executive Director
Mr Li Bin, CEO and Executive Director
Ms Dong Lingling, Executive Director
Mr Wang Fumin, Executive Director
Mr Lim Han Boon, Independent Director
Mr Ning Jincheng, Independent Director
Mr Chan Siew Wei, Independent Director

JOINT COMPANY SECRETARIES

Ms Foo Soon Soo
Mr Yeo Tze Khern

REGISTERED OFFICE

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AUDIT COMMITTEE

Mr Lim Han Boon, Chairman
Mr Ning Jincheng
Mr Chan Siew Wei

NOMINATING COMMITTEE

Mr Ning Jincheng, Chairman
Mr Lim Han Boon
Mr Guo Yinghui

REMUNERATION COMMITTEE

Mr Chan Siew Wei, Chairman
Mr Lim Han Boon
Mr Ning Jincheng

KEY EXECUTIVES

Ms Zhang Xiaoying
Mr Guo Chengyi
Ms Zhao Hongfei
Mr Yeo Tze Khern

SHARE TRANSFER AGENT'S OFFICE

KCK CorpServe Pte Ltd
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#08-00 KH KEA Building
Singapore 188721

CAYMAN ISLANDS SHARE REGISTRAR

Coyners Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

AUDITOR OF THE COMPANY

Crowe Horwath First Trust LLP
8 Shenton Way, #05-01
AXA Tower
Singapore 068811
Partner-in-Charge: Mr Alfred Cheong Keng Chuan
Appointed since financial year 2015

PRINCIPAL BANKERS

China Construction Bank Corporation,
Zhengzhou Branch

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

China Mining International Limited (the "Company", together with its subsidiaries, the "Group") is committed to ensuring and maintaining a high standard of corporate governance in complying with the Code of Corporate Governance. This report outlines the Company's corporate governance practices with reference to the Code of Corporate Governance 2012 ("Code"). The Company will continue to improve its systems and corporate governance processes in compliance with the Code.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

Guideline 1.1

Board's Role

The primary role of the Board is to protect and enhance long-term shareholders' value. It sets the corporate strategies of the Group, establishes directions and goals for the management. To fulfill this role, the Board is responsible for the overall corporate governance of the Group including setting its strategic direction, establishing goals for management and monitoring the achievement of these goals to enhance shareholders' value. The Board recognises that, to ensure the sustainability of the business of the Group, the Group has to strike a balance between its business needs and the needs of the society and the environment in which it operates. With the proposed reverse takeover exercise (as first announced on 11 July 2013, and periodically thereafter on its progress with the latest announced on 30 June 2016) still in progress, the outcome of which is likely to result in major changes to the shareholding structure and board composition of the Company as well as the business operations of the Group, the Board is of the view that for any sustainability reporting by the Company to be presented in a meaningfully way, it is best that such a reporting be provided subsequent to the conclusion of the said reverse takeover exercise.

The Board also meets to consider the following corporate matters:-

- approval of quarterly, half-yearly and year-end results announcement;
- approval of the annual reports and accounts; and
- convening of shareholder's meetings

Guideline 1.2

Directors' Duties and Responsibilities

All directors exercise due diligence and independent judgement, and make decisions objectively in the best interests of the Group.

Guideline 1.3

Delegation of Authority to Board Committees

The Board has formed Board Committees namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") to assist in carrying out and discharging its duties and responsibilities efficiently and effectively.

These Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis.

Below the Board level, there is appropriate delegation of authority and approval sub-limits at management level, to facilitate operational efficiency.

CORPORATE GOVERNANCE REPORT

Guideline 1.4

Meetings of Board and Board Committees

The Board meets regularly and as warranted by particular circumstances or as deemed appropriate by the Board members. The Company Secretary is present at such meetings to record the proceedings. The Company's Constitution allows the Board meetings to be conducted by way of telephonic or video conference meetings.

The table below sets out the number of Board and Board Committee meetings which were convened during FY2016:

	Board	Audit	Remuneration	Nominating
Number of meetings held	4	4	1	1
Name of directors	**Number of meetings attended**			
Guo Yinghui (Chairman)	4	N.A.	N.A.	1
Li Bin (CEO)	4	N.A.	N.A.	N.A.
Lim Han Boon	3	3	1	1
Ning Jincheng	4	4	1	1
Chan Siew Wei	3	3	1	N.A.
Dong Lingling	4	N.A.	N.A.	N.A.
Wang Fumin	2	N.A.	N.A.	N.A.

N.A. – Not applicable as the Directors are non-members of the Board Committees.

While the Board considers Directors' attendance at Board meetings to be important, it is not the only criterion to measure their contributions. The Board also takes into account the contributions by board members in other forms including periodic review, provision of guidance and advice on various matters relating to the Group.

Guideline 1.5

Internal Guidelines on Matters Requiring Board Approval

Matters reserved for Board's Approval

Matters specifically reserved for the Board for approval are:

- annual budgets, financial plans, financial statements
- business strategy
- material transactions, namely, major acquisitions, divestments,
- funding and investment proposals,
- annual capital and operating budget and operating expenditure; and
- share issuances, dividends and other returns to shareholders.

Guidelines 1.6 and 1.7

Orientation, briefings, updates and trainings for Directors

The Company has in place an orientation process. A new incoming director is issued a formal letter of appointment setting out his duties and obligations, and, where appropriate, incorporating processes to deal with possible conflicts of interest that may arise.

Incoming directors joining the Board will undergo an orientation programme which includes management introduction on the Group's businesses and strategic plans and objectives, and site visits. New director will be briefed by the NC on his or her director's duties and obligations and be introduced to the Group's business and governance practice and arrangements, in particular the Company's policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information.

The incoming director will meet up with the senior management and the Company Secretary to familiarize himself or herself with their roles, organization structure and business practices. This will enable him or her to get acquainted with senior management and the Company Secretary thereby facilitating board interaction and independent access to senior management and the Company Secretary.

The directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act and industry-related matters, so as to update and refresh them on matters that may affect or enhance their performance as board or board. Briefings and updates provided for directors in FY2016 include:

- At AC meeting, the external auditors, briefed the AC members on developments in accounting and governance standards.
- The Board was briefed on relevant rules and regulations including listing rules of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the guidelines of the 2012 Code of Corporate Governance by the company secretary.
- The CEO updates the Board at each meeting on business and strategic developments.
- The management highlights the salient issues as well as the risk management considerations pertaining to the businesses of the Group.
- The directors can request for further explanations, briefings or information on any aspect of Group's operations or business issues from management.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and substantial shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Guidelines 2.1 and 2.2

Independent Element of the Board

As at the date of this Report, the Board of Directors comprises seven members; of whom three are independent.

	Board appointments		Board committees		
Name of director	**Executive director**	**Independent director**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
Mr Guo Yinghui (Chairman)	*			Member	
Mr Li Bin (CEO)	*				
Ms Dong Lingling	*				
Mr Wang Fumin	*				
Mr Lim Han Boon		*	Chairman	Member	Member
Mr Ning Jincheng		*	Member	Chairman	Member
Mr Chan Siew Wei		*	Member		Chairman

Under Guideline 2.2 of the Code, the Independent Directors should make up half the Board where the Chairman is part of the management and is not an Independent Director.

The Company is undergoing a proposed acquisition constituting in a reverse takeover ("RTO") as announced on 1 April 2014, 31 December 2014, 26 January 2015, 25 February 2015 and 30 June 2016 which might result in a major change in board composition and hence compliance with Guideline 2.2 may not be of relevance.

CORPORATE GOVERNANCE REPORT

Guidelines 2.3 & 2.4

Independence of Directors

The criterion for independence is based on the definition given in the Code. The Code has defined an "independent" director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment of the conduct of the Group's affairs. The independence of each Director is reviewed annually by the NC, based on the definition of independence as stated in the Code.

For the purpose of determining directors' independence, every director has provided declaration of his independence which is reviewed by the NC and the Board. Except for the executive directors, all the other directors on the Board are considered by the NC and the Board to be independent directors.

Mr Lim Han Boon ("Mr Lim"), Mr Ning Jincheng ("Mr Ning") and Mr Chan Siew Wei ("Mr Chan") have confirmed that they have no association with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment. The independence of each Independent Director is also reviewed annually by the NC.

Lim Han Boon and Mr Ning Jincheng, who were both appointed as Independent Directors of the Company on 9 December 2005, have each served the Board beyond nine years. Taking into account the views of the NC, the Board concurs with the NC that the length of service of a Director should not determine the effectiveness of independence of an Independent Director. In assessing the independence of a Director, the NC and the Board consider it more appropriate to have regard to the Director's contribution in terms of professionalism, integrity, objectivity and ability to exercise independence of judgment in his deliberation in the interest of the Company. The Board has undertaken a rigorous review of their independence which includes critical examination of any conflicts of interest, as well as other factors such as their review and scrutiny of matters and proposals put before the Board. The Board is of the view that the Independent Directors have over the years developed significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. The Independent Directors, particularly Mr Lim, have also been instrumental in instilling and inculcating a culture of good corporate governance within the Group.

After taking into account all the aforesaid factors, the Board (with Mr Chan, Mr Lim and Mr Ning on abstention) concurred that Mr Chan, Mr Lim and Mr Ning are independent.

Details of the Board members' qualifications and experience are presented under the profile of the Board of Directors in the annual report.

Guidelines 2.5 & 2.6

Composition and Competency of the Board

The Board is of the view that the current Board members comprise experienced persons who possess a balanced field of core competencies such as accounting, finance, and business management.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

Guideline 2.7 and 2.8

Role and meetings of Independent Directors

During the year, the Independent Directors provide guidance and advice on both the Group's short-term and long-term business strategies. The Independent Directors communicate among themselves without the presence of Management as and when the need arises.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Guideline 3.1 & 3.2

Separate role of Chairman and Managing Director & Roles and Responsibilities of Chairman

Mr Guo Yinghui is Executive Chairman of the Company. The Executive Chairman leads the Board and is responsible for the leadership of the Board, setting its agenda and ensuring he exercises of control over the quality, quantity and timeliness of information flow between the Board and the management.

Mr Li Bin, an Executive Director, is also the CEO of the Company. The CEO sets the business strategies and directors for the Group and manages the business operations of the Group. He is supported by the executive directors and other management staff. The Executive Chairman and the CEO consult with the Board and Board Committees on major issues.

With the separate roles of the Executive Chairman and the CEO, there is a clear separation of the roles and responsibilities between the Executive Chairman and the CEO. The Chairman and the CEO are not related.

Under Guideline 2.2 of the Code, the Independent Directors should make up half the Board where the Chairman is part of the management and is not an independent director.

Guidelines 3.3 and 3.4

Lead Independent Director

The Independent Directors and the Executive Directors individually and collectively are available to shareholders as a channel of communication between shareholders and the Board or Management. Thus far, there are no shareholder concerns for which contact through the normal channels of the Executive Chairman, the Executive Directors or the Independent Directors has failed to resolve or is inappropriate, hence no Lead Independent Director has been appointed.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and reelection of directors to the Board.

Guideline 4.1

Nominating Committee

The NC comprises of three Directors, of whom two, including the Chairman are independent.

Mr Ning Jincheng	Chairman	Independent Director
Mr Lim Han Boon	Member	Independent Director
Mr Guo Yinghui	Member	Chairman and Executive Director

Guideline 4.2

NC Responsibilities

The primary function of the NC is to determine the criteria for identifying candidates and reviewing nominations for the appointment of directors to the Board, ensuring that the process of Board appointments and re-nominations are transparent, and to assess the effectiveness of the Board as a whole as well as to affi rm annually the independence of Directors.

The NC functions under the terms of reference which sets out its responsibilities:

(a) To recommend to the Board on all board appointments, re-appointments, nominations and re-election of directors;

(b) To assess the independence of the Independent Directors meet SGX-ST's guidelines and criteria; and

(c) To develop a process for evaluation of the performance of the Board, its committees and directors, and undertake assessment of the effectiveness of the Board, Board Committees and individual directors.

The Company has in place the policy and procedures for the appointment of new directors to the Board, including a description on the search and nomination process. The NC will determine the criteria for identifying candidates and reviewing nominations for the appointment of directors to the Board, ensuring that the process of Board appointments and re-nominations are transparent.

Guideline 4.3

Determining Directors' Independence

Each Director completes a checklist to confirm his independence on an annual basis. The NC has reviewed the independence of the Directors as mentioned under guidelines 2.3 and 2.4 above.

Guideline 4.4

Multiple Board Representations

The NC is of the view that it is inappropriate to set a limit on the number of directorship that a director may hold. This is because directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities. It would be better for each Director to personally determine the demand of his or her competing directorships and obligations and to assess the number of directorship they could hold and serve effectively.

Guideline 4.5

Alternative Directors

There are currently no Alternative Directors on the Board.

Guideline 4.6

Process for the Selection and Appointment of New Directors

Where there is a resignation or retirement of an existing Director, the NC will re-evaluate the Board composition to assess the competencies for the replacement. The NC will deliberate and propose the background, skills, qualification and experience of the candidate it deems appropriate. The factors taken into consideration by the NC could include among other things, whether the new Director can add to or complement the mix of skills and qualifications in the existing Board, relevance of his experience and contributions to the business of the Company and the depth and breadth he could bring to Board discussions. Candidates are sourced through a network of contacts and identified based on the established criteria. Search can be made through relevant institutions such as the Singapore Institute of Directors ("SID"), professional organisations or business federations or external search consultants. New Directors will be appointed by way of a Board resolution, after the NC makes the necessary recommendation to the Board.

The Articles of Association of the Company require the Directors to submit themselves for re-nomination and re-election at regular intervals of at least once every three years. In addition, a newly appointed Director will submit himself for retirement and re-election at the AGM immediately following his appointment. Thereafter, he is subject to the one-third rotation rule.

Guideline 4.7

Key Information on Directors

Key information regarding the Directors is given in the 'Board of Directors' section of the annual report.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its committees and the contribution by each director to the effectiveness of the Board.

Guideline 5.1

Conduct of Board Performance

The NC reviews and evaluates the performance of the Board as a whole, taking into consideration the attendance record at the meetings of the Board and Board committees and also the contribution of each Director to the effectiveness of the Board. The NC, with the participation of the Executive Directors, reviewed and discussed the performance of the Board during the year, and where improvements might be necessary to enhance the effectiveness of the Board.

This process includes having the directors complete a performance evaluation form seeking their evaluation on various aspects of Board performance. The Company Secretary compiles the directors' evaluation into a consolidated report. The report is discussed at the NC meeting and is also shared with the entire Board.

Guideline 5.2

Performance Criteria for Board Evaluation

The performance criteria for Board evaluation focus on Board composition, maintenance of independence, Board information, Board process, Board accountability, communication with Management and standard of conduct.

The NC has reviewed the evaluations of the Board and individual directors and is satisfied that the Board has been effective in the conduct of its duties and the directors have each contributed to the effectiveness of the Board.

Guideline 5.3

Evaluation of Individual Directors

The individual Director is assessed on his knowledge of the Group's business and operations, business acumen, knowledge of corporate governance, contribution and engagement, communication and integrity.

Where a Director has multiple board representations, the NC will evaluate whether or not the Director is able to carry out and has been adequately carrying out his duties as a Director of the Company.

For the current year, the Board is satisfied that each Director has allocated sufficient time and resources to the affairs of the Company.

CORPORATE GOVERNANCE REPORT

ACCESS TO INFORMATION

Principle 6: ***In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.***

Guidelines 6.1 and 6.2

Board's Access to information

All Directors are from time to time furnished with information concerning the Company and the Group to enable them to be fully informed of all material events and transactions of the Group, including major decisions and actions of the management. Management is available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or by external consultants engaged on specific projects.

The Board has separate and independent access to the management of the Company and of the Group at all times in carrying out their duties.

Guidelines 6.3

Board's Access to Company Secretary

Directors should have separate and independent access to the company secretary. The Company Secretary is present at Board meetings to assist in ensuring that Board procedures as well as applicable rules and regulations are followed. The minutes of all Board committees' meetings are circulated to the Board on a timely basis for review and approval.

Guideline 6.4

Appointment and Removal of Company Secretary

The Board is fully involved in and responsible for the appointment and removal of the Company Secretary.

Guideline 6.5

Board's Access to Independent Professional Advice

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

REMUNERATION MATTERS

Principle 7: ***There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.***

Guidelines 7.1 and 7.2

Remuneration Committee

The RC comprises the following three members, all of whom including the Chairman are independent.

Mr Chan Siew Wei	Chairman	Independent Director
Mr Ning Jincheng	Member	Independent Director
Mr Lim Han Boon	Member	Independent Director

The RC carried out their duties in accordance with the terms of reference which include the following:

(a) To recommend to the Board a framework for remuneration for the Directors and key executives of the Company;

(b) To determine specific remuneration packages for each Executive Director;

(c) To review the appropriateness of compensation for Independent Directors;

(d) To review the remuneration of employees occupying managerial positions who are related to Directors and substantial shareholders; and

(e) To administer the Employee Share Option Scheme.

Guideline 7.3

RC's Access to Advice on Remuneration Matters

The RC is provided access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company.

The recommendations of the RC will be submitted to the Board for endorsement. The RC will be provided with access to expert professional advice on remuneration matters as and when necessary.

Guideline 7.4

Termination Clauses in Service Contract

Each of the Executive Directors and key management personnel have an employment contract with the Company which can be terminated by either party giving notice of resignation/termination. Each appointment is on a long term basis and no onerous removal clauses are contained in his letter of employment.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Guideline 8.1

Remuneration of Executive Directors and Key Management Personnel

In setting remuneration packages, the RC will take into consideration the remuneration and employment conditions within the similar industry and with comparable companies.

For 2016, the Executive Directors have service agreements with the Company. The service agreement for each Executive Director covered the terms of employment, specifically salaries, bonuses and other benefits.

The executive directors do not receive Directors' fees. They are paid a basic salary pursuant to their respective service agreements. Both the executive directors and key management personnel are paid a variable bonus which is determined annually based firstly on the Company's performance and secondly on the performance of the personnel which contributes to the Company's performance.

CORPORATE GOVERNANCE REPORT

Guideline 8.2

Long-term Incentive Scheme

There currently no share option scheme in the Group.

Guideline 8.3

Remuneration of Independent Directors

Independent directors have no service contract and are compensated based on their level of contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and Board Committees.

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his own remuneration package.

The Company will submit the quantum of Directors' fee of each year to the shareholders for approval at each AGM.

Guideline 8.4

Contractual Provisions

The Company does not have any contractual provisions in the service agreements or employment contracts for the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel.

DISCLOSURE ON REMUNERATION

Principle 9: ***Every company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.***

Guidelines 9.1, 9.2 and 9.3

Remuneration Report

<u>Remuneration of Directors and the CEO</u>

The Executive Directors who sit on the Board hold executive positions in the Group's China subsidiaries. There is no requirement for corporations in China to disclose the detailed remuneration of individual directors and executives. The disclosure in Singapore would affect the confidentiality of the Executive Directors' remuneration. The China subsidiaries would be put into a position of unequal treatment in governing the confidentiality of their employees' remuneration. Such executives who are on the Board would be disadvantaged unfairly. In addition, given the highly competitive conditions in the market place where poaching of executives is not uncommon, it is not in the interest of the Company to disclose the remuneration of individual Executive Directors. The Board is of the view that it would be disadvantages to the Group to detail the remuneration of the Executive Directors. Each of the Independent Directors' remuneration comprises wholly directors' fee of not more than S$250,000.

The following table shows a breakdown of the annual remuneration paid or payable to of the Directors for the financial year ended 31 December 2016:

Remuneration band	Director's Fee	Salary	Bonus	Other benefits	Total
	%	%	%	%	%
Up to S$250,000					
Mr Guo Yinghui (Chairman)	–	98	–	2	100
Mr Li Bin (CEO)	–	95	–	5	100
Ms Dong Lingling	–	97	–	3	100
Mr Wang Fumin	–	100	–	–	100
Mr Lim Han Boon	100	–	–	–	100
Mr Ning Jincheng	100	–	–	–	100
Mr Chan Siew Wei	100	–	–	–	100

Remuneration of Key Executive Officers (who are not directors or CEO)

The following table shows the remuneration of the top 4 key executives for the financial year ended 31 December 2016:

Remuneration Band and Name	Salary	Bonus	Other benefits	Total
	%	%	%	%
S$250,000 to S$500,000				
Mr Yeo Tze Khern	96	–	4	100
Up to S$250,000				
Ms Zhang Xiaoying	96	–	4	100
Ms Zhao Hongfei	91	–	9	100
Mr Guo Chenyi	83	–	17	100

The key management of the Company only comprise four personnel, who are not Directors or the CEO, as disclosed in page 7 of the 2016 Annual Report. The aggregate total remuneration paid to the top four key management personnel, who are not Directors or the CEO, amounted to RMB2.2 million for FY2016.

Guideline 9.4

Employee Related to Directors or the CEO

There were no employees during the financial period from 1 January 2016 to 31 December 2016 who were immediate family members of a Director and/or a Substantial Shareholder whose remuneration is in excess of S$50,000 during the financial year ended 31 December 2016.

Guideline 9.5

Employee Share Scheme

The RC is responsible for the administration of the Company's Share Option Scheme. There currently no share option scheme in the Group.

Guideline 9.6

Link between Remuneration and Performance

The disclosures in Guidelines 8.1 and 8.3 set out the link between remuneration and performance for Executive Directors and key management personnel.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Guideline 10.1

Accountability for Company's Performance, Position and Prospects

The Board provides a balanced and meaningful assessment of the Group's financial performance and prospects regularly through financial statements, announcement of results to shareholders and the SGX-ST as well as the Chairman's statement, and review of operations in the annual report.

Guideline 10.2

Compliance with Legislative and Regulatory Requirements

The Board is accountable to the shareholders and is committed to ensure compliance with the Listing Rules of the SGX-ST. The Directors have each signed the respective undertaking in the form set out in Appendix 7.7 of Listing Rules to undertake to use their best endeavours to comply with the SGX-ST Listing Rules and to procure that the Company shall so comply. A similar undertaking has been executed by the Chief Financial Officer in his capacity as Executive Officer.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Quarterly, half-yearly and annual financial results and annual reports will be announced or issued within legally prescribed periods and in compliance with statutory requirements. The Company encourages shareholders' participation at AGMs.

Guideline 10.3 Management Accounts

The Board also reviews regulatory compliance reports from management to ensure that the Group complies with the relevant regulatory requirements.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Guidelines 11.1 and 11.2

Risk Management and Internal Controls System

The Board recognized that the system of internal controls is designed to manage rather than to eliminate the risk of failure to achieve business objectives and that no system of internal controls can provide absolute assurance against the occurrence of errors, poor judgment in decision making, losses, frauds or other irregularities. It can only provide reasonable and not absolute assurance against material misstatement of loss or that the Group will not be adversely affected by any event that can be reasonably foreseen.

Assurance from CEO, director and CFO

For FY2016, the CEO, an executive director and the Chief Financial Officer ("CFO") have provided assurance to the Board that the financial records have been properly maintained and the financial statements gave a true and fair view of the Company's operations and finances, and regarding the effectiveness of the company's risk management and internal controls system.

Guideline 11.3

Board's Comment on Adequacy and Effectiveness of Internal Controls

Pursuant to Rule 1207(10) of the Listing Manual, based on the review of the key risks identified, and the internal controls established and maintained by the Group, work performed by the external auditors, reviews performed by management, various Board committees and the Board, and the aforesaid assurances from the CEO, an executive director and CFO, the AC and the Board are of the opinion that the Group's system of internal controls in addressing financial, operational, compliance and information technology controls and risk management systems were adequate and effective as at 31 December 2016.

Guideline 11.4

Risk Committee

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Guideline 12.1

AC Membership

As at the date of this report, the AC comprises three members, all of whom are independent directors:

Mr Lim Han Boon	Chairman	Independent Director
Mr Ning Jincheng	Member	Independent Director
Mr Chan Siew Wei	Member	Independent Director

Guidelines 12.2 and 12.8

Expertise of AC Members and AC to Keep Abreast of Changes to Accounting Standards

The Chairman of the AC, Mr Lim Han Boon is a fellow member of the Institute of Singapore Chartered Accountants. The other members of the AC have many years of experience in business management and finance services. The Board is satisfied that the members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

CORPORATE GOVERNANCE REPORT

Guidelines 12.3 and 12.4

Roles, Responsibilities and Authorities of AC

The AC functions under the terms of reference that sets out its responsibilities as follows:

(a) To review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their audit report, their management letter and the management's response;

(b) To review the co-operation given by the officers and staffs of the Group to the external auditors;

(c) To review the quarterly and full year financial results announcements and financial statements before submission to the Board for approval, focusing in particular and if any, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/ regulatory requirements;

(d) To review the internal control and procedures and ensure co-ordination between the external auditors and the management, review the assistance given by management to the external auditors and discuss problems and concerns, if any arising from the interim and final audits, and any matters which the external auditors may wish to discuss (in the absence of management where necessary);

(e) To review and discuss, if any, with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(f) To consider and recommend the appointment or re-appointment of the external auditors and matters, if any, relating to the resignation or dismissal of the external auditors;

(g) To review, if any, interested person transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;

(h) To review, if any, potential conflicts of interest;

(i) To undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(j) To generally undertake such other functions and duties as may be required by the statute or the Listing Manual of the SGX-ST, or by such amendments as may be made thereto from time to time.

The AC has full access to and co-operation of the Management and has full discretion to invite any Director or executive officer to attend its meetings, and had been given reasonable resources to enable it to discharge its functions.

Guideline 12.5

Meeting with External and Internal Auditors without Presence of Management

During the financial year under review, the AC has met with the external auditors without the presence of the Management at least once a year to review any area of audit concern. Ad-hoc AC meetings may be carried out from time to time, as circumstances required.

Guideline 12.6

Independence of External Auditors

The AC reviews the independence of the external auditors annually. The AC has reviewed the total fees comprising audit fee of S$150,000 (2015: S$180,000) and non-audit fees of S$nil (2015: S$nil) performed by the external auditors, Crowe Horwath First Trust LLP and was satisfied that the nature and extent of such services did not prejudice the independence and objectivity of the external auditors. The AC recommended that Crowe Horwath First Trust LLP be nominated for re-appointment as external auditors of the Company at the forthcoming AGM at remuneration to be renegotiated.

In appointing the auditors of Group companies, the AC is satisfied that the Company has complied with Rules 712, 715 and 716 of the Listing Manual in engaging Crowe Horwath First Trust LLP as the external auditors of the Company and other suitable audit firms for its Singapore incorporated subsidiary, foreign subsidiaries and associated companies. The names of these auditors are disclosed in the financial statements. The Board and the AC are satisfied that the appointment of different auditors for its subsidiaries and associated companies would not compromise the standard and effectiveness of the audit of the Group, and accordingly, Rule 716 of the Listing Rules has been complied with.

Guideline 12.7

Whistle-blowing Policy

The AC has adopted a Whistle Blowing Policy (the "Policy") for the Group, which provides a channel for employees and other parties to report in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The Policy is to assist the AC in managing allegations of fraud or other misconduct; disciplinary and civil actions that are initiated following the completion of the investigations are appropriate and fair; and actions are taken to correct the weakness in the existing system of internal processes which allow the perpetration of the fraud and/or misconduct and to prevent recurrence. All concerns can be reported to a designated email or phone number and the immediate supervisor will assess whether action or review is required by the Independent Director to investigate complaints of suspected fraud in an objective manner and details of the Policy and arrangement is covered during staff orientation as part of the Group's efforts to promote fraud control awareness.

Guideline 12.9

Partners or Directors of the Company's Auditing Firm

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

INTERNAL AUDIT

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

Guidelines 13.1 & 13.2

Internal Auditors

The Group currently has no separate internal audit function.

Guidelines 13.3 & 13.4

Internal Audit Function

The Group's accounts department reviews the internal controls, risk management and compliance systems of the Group and reports findings and makes recommendations to the management and the AC.

Guideline 13.5

Adequacy and Effectiveness of Internal Audit Function

To ensure adequacy of the internal audit function, the AC meets regularly to review this function. The AC will also review the audit plans and findings of the external auditors and will ensure that the Group follows up on the auditors' recommendations raised, if any, during the audit process. The AC is generally satisfied with the adequacy of the current arrangement and will continue to assess its effectiveness regularly.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Guideline 14.1

Sufficient Information to Shareholders & Timely information to and engagement with shareholders

In line with continuous obligations of the Company pursuant to the Listing Rules of SGX-ST, the Board's policy is that all shareholders be informed of all major developments that impact the Group.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price. Information is disseminated to shareholders on a timely basis through:

(a) SGXNET announcements and news release;

(b) Annual report prepared and issued to all shareholders;

(c) Press releases on major developments of the Group;

(d) Notices of and explanatory memoranda for AGM and Extraordinary General Meetings (EGM);

(e) Company's Investor Relations website at www.chinamining-international.com., where shareholders can access timely information on the Group.

Guideline 14.2

Providing Opportunity for Shareholders to Participate and Vote at General Meetings

The Company's AGMs are the principal forums for dialogue with shareholders.

The Company is governed by the Companies Law of Cayman Islands which recognizes only persons who hold shares registered in their names in the register of members ("registered members") as their members. The Central Depository (Pte) Limited ("CDP") is a registered member of the Company. Although the Depositors who hold the Company's shares via CDP are not registered members, they are accorded the rights of members to attend and vote at general meetings of the Company as CDP's proxies in the Company's Constitution, and also the right to appoint up sub-proxies to attend and vote in their stead. Shareholders (referring to registered members and Depositors) are encouraged to attend the AGMs and EGMs to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. Every shareholder has the right to receive notice of general meetings and to vote thereat. Notice of a general meetings is sent out at least 14 days before the meeting so that sufficient notice of meeting is given to shareholders to attend the meeting or appoint proxies to attend and vote in their stead. Notice of the general meeting will be advertised in newspapers and announced on SGXNET.

Guideline 14.3

Proxies for Nominee Companies

The Company's Constitution allows a shareholder, including a nominee company to appoint up to two proxies. The Company is governed by the Companies Law of the Cayman Islands which has no provision for nominee company to appoint more than two proxies.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Guideline 15.1 to 15.4

Timely information to and engagement with Shareholders

The Company communicates with its shareholders and the investment community through the timely release of announcements to the SGX-ST via SGXNET. Financial results of the Group are released within 45 days from the end of each quarter and within 60 days from the financial year end. In addition, Annual Reports are distributed to shareholders at least 14 days before each annual general meeting.

In accordance with the Listing Rules of the SGX-ST, the Board's policy is that all shareholders be informed on a timely basis of all major developments that impact the Group. The Company does not practice selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Listing Rules.

The Group supports and encourages active shareholder participation at general meetings. The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers, as well as posted on the company website. The Company's Articles of Association allows all shareholders to appoint up to two proxies to attend general meetings and vote on their behalf.

Guideline 15.5

Dividend

For FY2016, no dividend was declared or recommended due to the performance of the Group.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Guideline 16.1

Effective Shareholders' Participation

All resolutions at AGMs are put to vote by poll to allow greater transparency and more equitable participation by shareholders.

Guideline 16.2

Separate Resolutions at General Meetings

The Company will have separate resolutions at general meetings on each distinct issue

CORPORATE GOVERNANCE REPORT

Guideline 16.3

Attendance of Chairman of the Board and Board Committees at General Meetings

The CEO, also representing the Chairman of each Board Committee, as well as external auditors are normally present at the AGMs to address shareholders' queries, if any.

Guideline 16.4

Minutes of General Meetings

The minutes of the general meetings are taken and are available to shareholders for their inspection upon request.

Guideline 16.5

Results of resolutions by poll

All resolutions at general meetings are put to vote by poll. Voting and vote tabulation procedures are disclosed at the general meetings. Votes cast for, or against, each resolution will be read out at shareholders immediately after vote tabulations. The total numbers of votes cast for or against the resolutions are also announced after the general meetings via SGXNET

OTHER CORPORATE GOVERNANCE MATTERS
INTERESTED PERSONS TRANSACTIONS

When a potential conflict of interest arises, the director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

The Company has established reviews and approval procedures to ensure that interested person transactions entered into by the Group are conducted on normal terms and are not prejudicial to the interest of the shareholders. The Board meets quarterly to review if the Company will be entering into any interested person transaction.

The AC has reviewed the rationale and terms of the Group's interested person transactions and is of the view that the interested person transactions are on normal commercial terms and are not prejudicial to the interests of the shareholders.

Disclosure of interested person transactions is set out as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Nil	Nil	Nil

DEALINGS IN SECURITIES

The Company has in place a policy prohibiting share dealings by officers of the Company for the period of two weeks before the announcement of the Company's financial statements for the first three quarters of its financial year and one month before the announcement of its full year financial statements. Directors and employees who are in possession of unpublished material price-sensitive information of the Group should not deal in the Company's securities on short term considerations. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

The directors present their statement to the members together with the audited financial statements of China Mining International Limited (the "Company") and subsidiaries (the "Group") for the financial year ended 31 December 2016 and the statement of financial position of the Company as at 31 December 2016.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 36 to 101 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors has, on the date of this statement, authorised these financial statements for issue,

Directors

The directors of the Company in office at the date of this statement are as follows:

Mr Guo Yinghui	Chairman and Executive Director
Mr Li Bin	Chief Executive Officer and Executive Director
Ms Dong Lingling	Executive Director
Mr Wang Fumin	Executive Director
Mr Lim Han Boon	Independent Director
Mr Ning Jincheng	Independent Director
Mr Chan Siew Wei	Independent Director

Directors' interests in shares or debentures

According to the register kept by the Company, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Direct interests		Deemed interests	
	At 1 January 2016	At 31 December 2016	At 1 January 2016	At 31 December 2016
Company				
Ordinary shares of S$0.008 each				
Mr Guo Yinghui	17,985,000	17,985,000	32,240,000 (i)	32,240,000 (i)
Mr Li Bin	–	730,100 (ii)	–	–
Ms Dong Lingling	–	554,900 (ii)	–	–

Notes:

(i) Mr Guo Yinghui is deemed to be interested in the 14,560,000 (2015: 14,560,000) shares held by his spouse, Mdm Feng Li and the 17,680,000 (2015: 17,680,000) shares held by China Focus International Limited ("China Focus"). China Focus is an investment company incorporated in the British Virgin Islands, Mr Guo Yinghui and Mdm Feng Li are its Directors, and its shares are equally held by them.

(ii) Shares of Mr Li Bin and Ms Dong Lingling are registered in the name of Phillip Securities Pte Ltd.

Mr Guo Yinghui is deemed to have interests in the Company and in the whole of the share capital of the Company's wholly-owned subsidiaries.

The Directors' interests in the ordinary shares of the Company at 21 January 2017 were the same at 31 December 2016.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share options

During the financial year, no options to take up unissued shares of the Company or any subsidiaries were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries. There were no unissued shares of the Company or any subsidiaries under option at the end of the financial year.

Audit committee

The members of the Audit Committee at the end of the financial year are as follows:

Mr Lim Han Boon (Chairman)	Independent Director
Mr Ning Jincheng	Independent Director
Mr Chan Siew Wei	Independent Director

The Audit Committee carried out its functions in accordance with the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed:

- the audit plan of the Company's independent auditors and any recommendations on internal accounting controls arising from the audit;

- the assistance given by the Company's management to the independent auditors;

- the periodic results announcements prior to their submission to the Board for approval;

- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2016 prior to their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group; and

- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

The Audit Committee has recommended to the Board of Directors that the independent auditors, Crowe Horwath First Trust LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The Audit Committee has conducted an annual review of non-audit services provided by the auditors to satisfy itself that the nature and extent of such services will not affect the independence and objectivity of the external auditors before confirming their re-nomination.

In appointing the external auditors for the Company and its subsidiaries, we have complied with Rules 712, 715 and 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Further details regarding the Audit Committee are disclosed in the Report of Corporate Governance.

Independent auditors

The independent auditors, Crowe Horwath First Trust LLP, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

LI BIN	**DONG LINGLING**
CEO and Executive Director	Executive Director

31 March 2017

INDEPENDENT AUDITOR'S REPORT

To the members of China Mining International Limited

Crowe Horwath First Trust LLP
Chartered Accountants of Singapore
Member Crowe Horwath International

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of China Mining International Limited (the "Company") and its subsidiaries (the "Group") set out on pages 36 to 101, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with International Financial Reporting Standards in Singapore (IFRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Crowe Horwath First Trust LLP (UEN: T08LL1312H) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A).

Key Audit Matter (Continued)

Determining the fair value of Other Investment Refer to the following notes to the financial statements Note 10 "Other investment" and Note 11 "Financial asset at fair value through profit or loss" Note 3 (i)(a) "Critical accounting estimates and assumptions"	
The key audit matter	***How the matter was addressed in our audit***
In November 2015, the Group invested RMB 65,000,000 in Yi Feng Holiday Plaza, a mixed property development project located in Zhumadian, Henan Province, PRC, in return for a contractual right to share 10% of the stipulated profit (the "Yi Feng Contract"). As at 31 December 2016, Yi Feng Contract is recognised as Other Investment and a Financial Asset at Fair Value Through Profit or Loss ("FVTPL"), with a total carrying amount of RMB 68,510,000. The fair value of the financial asset at FVTPL is determined by reference to budgeted profit of Yi Feng Holiday Plaza Project that the Group is entitled to share in accordance with the contractual terms of Yi Feng Contract. We focused on this area due to the size of the carrying amount of the investment, and the degree of judgement required in determining the fair value. Estimating the expected future cash flows from Yi Feng Contract involves significant judgement on unobservable inputs including the market demand for the property units at Yi Feng Holiday Plaza and the outcome of negotiation with the counter party.	Our audit procedures included, amongst others: ● Reviewed the contractual terms of the Yi Feng Contract and tested whether we agreed with the classification and accounting adopted with reference to the Group's policies and guidelines and IFRSs; ● Evaluated and challenged the appropriateness of the assumptions used by the management in preparing the discounted cash flows, which includes key inputs, such as selling price, percentage of unsold properties and discount estimated in determining the deemed revenue of unsold properties; ● Performed our own sensitivity analyses to assess the range of acceptable valuation; and ● Tested the mathematical accuracy of the computation. Based on the results of our audit procedures performed, we found the judgements applied by the Group to be appropriate; that the key assumptions and estimates used in determining the fair value of financial asset at FVTPL were within a reasonable range. We also considered the disclosures made on the valuation technique, key assumptions and sensitivity analyses to be appropriate.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of China Mining International Limited

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

To the members of China Mining International Limited

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Alfred Cheong Keng Chuan.

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2017

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016
(Amounts in thousands of Chinese Renminbi ("RMB"))

	Note	Group		Company	
		2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	4,446	6,863	2	304
Land use rights	7	52	54	–	–
Subsidiaries	8	–	–	152,351	190,101
Joint ventures	9	–	–	–	–
Other investment	10	–	49,840	–	–
Financial asset at fair value through profit or loss	11	–	19,314	–	–
Deferred tax assets	21	1,789	–	–	–
		6,287	76,071	152,353	190,405
Current assets					
Other investment	10	56,918	–	–	–
Financial asset at fair value through profit or loss	11	11,592	–	–	–
Completed properties for sale	12	66,981	73,704	–	–
Other receivables, deposits and prepayments	13	8,047	8,433	–	572
Amounts due from subsidiaries (non-trade)	14	–	–	26,752	30,925
Amounts due from related parties (non-trade)	15	500	468	500	468
Amounts due from joint ventures (non-trade)	16(a)	3,392	3,016	–	–
Tax recoverable		69	69	–	–
Pledged bank deposits	18, 33(i)	6,226	7,308	–	–
Cash and cash equivalents	19	34,407	49,450	14,985	14,715
		188,132	142,448	42,237	46,680
TOTAL ASSETS		194,419	218,519	194,590	237,085

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016
(Amounts in thousands of Chinese Renminbi ("RMB"))

	Note	Group		Company	
		2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
LIABILITIES					
Current liabilities					
Trade payables		6,523	8,635	–	–
Sales and rental deposits		36,207	39,886	–	–
Accruals and other payables	20	9,084	10,893	834	1,005
Amounts due to subsidiaries (non-trade)	14	–	–	80,900	80,614
Amounts due to related parties (non-trade)	15	520	520	520	520
Amounts due to joint ventures (non-trade)	16(b)	1,878	1,966	–	–
Amounts due to joint ventures partner (non-trade)	17	11	11	–	–
Income tax payables		34,840	40,288	–	–
		89,063	102,199	82,254	82,139
Non-current liability					
Deferred tax liabilities	21	–	–	–	–
TOTAL LIABILITIES		89,063	102,199	82,254	82,139
NET ASSETS		105,356	116,320	112,336	154,946
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Issued capital	22	5,897	5,897	5,897	5,897
Share premium	23	224,594	224,594	224,594	224,594
Treasury shares	24	(18)	(18)	(18)	(18)
Distributable reserve	25	267,600	267,600	267,600	267,600
Capital reserve		49,031	49,031	–	–
Accumulated losses		(441,748)	(430,784)	(385,737)	(343,127)
TOTAL EQUITY		105,356	116,320	112,336	154,946

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2016
(Amounts in thousands of Chinese Renminbi ("RMB"))

	Note	2016 RMB'000	2015 RMB'000
Revenue	26	16,445	17,138
Cost of sales		(12,598)	(13,242)
Gross profit		3,847	3,896
Share of losses of joint ventures	9	(78)	(484)
Selling and distribution expenses		(2,645)	(1,050)
General and administrative expenses		(25,950)	(44,054)
Other income	27	12,788	24,892
Other expenses	28	(8,526)	(28,087)
Finance income	29	7,311	1,963
Loss before tax	30	(13,253)	(42,924)
Tax credit / (expense)	31	2,289	(89)
Loss for the year, representing total comprehensive loss for the year		(10,964)	(43,013)
Loss per share from loss for the year attributable to equity holders of the Company (RMB cents)			
- Basic and diluted	32	(7.47)	(29.32)

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2016
(Amounts in thousands of Chinese Renminbi ("RMB"))

	Attributable to equity holders of the Group						
	Issued capital	**Share premium**	**Treasury shares**	**Distributable reserve**	**Capital reserve (i)**	**Accumulated losses**	**Total equity**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Balance at 1.1.2015	5,897	224,594	(18)	267,600	49,031	(387,771)	159,333
Loss for the year, representing total comprehensive loss for the year	–	–	–	–	–	(43,013)	(43,013)
Balance at 31.12.2015	5,897	224,594	(18)	267,600	49,031	(430,784)	116,320
Balance at 1.1.2016	5,897	224,594	(18)	267,600	49,031	(430,784)	116,320
Loss for the year, representing total comprehensive loss for the year	–	–	–	–	–	(10,964)	(10,964)
Balance at 31.12.2016	5,897	224,594	(18)	267,600	49,031	(441,748)	105,356

Note:

(i) Capital reserve relates to capitalisation of amount due to a director and substantial shareholder of a subsidiary in previous years. It is not distributable as dividends.

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016
(Amounts in thousands of Chinese Renminbi ("RMB"))

	Note	2016 RMB'000	2015 RMB'000
Cash flows from operating activities			
Loss before tax		(13,253)	(42,924)
Adjustments:			
Amortisation of land use rights	7	2	2
Depreciation of property, plant and equipment	6	2,354	2,567
Gain on disposal of a subsidiary		(5,571)	–
Exchange difference		(1,269)	(5,693)
Impairment loss on completed properties for sale	12	–	6,451
Write-back of impairment on completed properties for sale	12	(5,876)	–
Impairment loss on investment in joint ventures	9	–	16,016
Impairment loss on amount due from joint ventures	16(a)	387	5,620
Accretion of interest income on other investment	29	(7,078)	(548)
Interest income	29	(233)	(1,415)
Loss on disposal of property, plant and equipment		160	–
Share of losses of joint ventures	9	78	484
Write-back of allowance on impairment of other receivables	13	–	(15,030)
Fair value loss / (gain) on financial asset at fair value through profit or loss – derivative financial instruments	11	7,722	(3,606)
Operating loss before working capital changes		(22,577)	(38,076)
Completed properties for sale		12,599	(1,109)
Other receivables, deposits and prepayments		386	16,750
Pledged bank deposit		1,082	1,432
Trade payables		(2,112)	790
Sales and rental deposits		(3,679)	(1,287)
Accruals and other payables		(1,173)	(4,262)
Cash used in operations		(15,474)	(25,762)
Income tax paid		(38)	(569)
Net cash used in operating activities		(15,512)	(26,331)

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016
(Amounts in thousands of Chinese Renminbi ("RMB"))

	Note	2016 RMB'000	2015 RMB'000
Cash flows from investing activities			
Advances to joint ventures	5	(929)	(3,866)
Repayment from joint ventures		–	1,400
Interest received		233	2,751
Other investment	10	–	(65,000)
Purchase of property, plant and equipment		(100)	(880)
Proceeds from disposal of property, plant and equipment		3	70
Proceeds from disposal of a subsidiary		10	–
Net cash used in investing activities		(783)	(65,525)
Cash flows from financing activities			
Advances from related parties	5	–	8,372
Repayment to related parties	5	–	(35,066)
Net cash used in financing activities		–	(26,694)
Net decrease in cash and cash equivalents		(16,295)	(118,550)
Cash and cash equivalents at beginning of year		49,450	162,334
Exchange difference on cash and cash equivalents		1,252	5,666
Cash and cash equivalents at end of year	19	34,407	49,450

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016
(Amounts in thousands of Chinese Renminbi ("RMB"))

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

China Mining International Limited (the "Company") is a limited liability company domiciled and incorporated in Cayman Islands and is listed on the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of the Company's registered office is Coyners Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are shown in Note 8. There have been no significant changes in the nature of these activities during the financial year.

The financial statements for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 31 March 2017.

2. BASIS OF PREPARATION

The Group incurred a net loss of RMB 10,964,000 (2015: RMB 43,013,000) and negative operating cash flows for the financial year amounted to RMB 15,512,000 (2015: RMB 26,331,000).

The core business of the Group comprises of property development and mining. The Group's property business comprised of sales of residential and commercial units as disclosed in Note 12, and the Group's current strategic plan in mining business, as follows:

Mining business	Current status	Note
a) 2 iron ore mines in PRC, held via a joint venture (Note 9)	Due to faltering demand, sliding commodity prices and the global oil glut, the management decided to keep the 2 iron ore mines as reserves as there is no viability and economic benefits to continue the active development immediately until the macro-economic environment improves.	9
b) Proposed RTO An ongoing Proposed RTO undertaken since 2013 and the concurrent proposed disposal of Elegant Jade Enterprises Limited ("the Proposed Disposal")	The Proposed RTO was delayed as the relevant parties currently still await for certain technical reports to be completed in order that they may work out possible revised terms to the Amended and Restated SPA, which may include, but not limited to, the portfolio of the exploration and mining projects that will form part of the group of companies to be acquired by the Company pursuant to the Proposed RTO. Latest long stop date is 30 June 2017.	2A
c) Proposed Investment The Company entered into a conditional Sale and Purchase agreement with Sino-Africa Mining International Limited to acquire an interest in a iron ore mine located in the Thabazimbi, South Africa.	The Proposed Investment as announced on 28 March 2017 is expected to be completed within the financial year 2017	2B

The viability of Group's mining business are therefore dependent upon, inter alia, the following factors:

(i) the completion of the Proposed RTO;
(ii) the completion of the Proposed Investment;
(iii) the successful procurement of the mining rights for the 2 iron ore mines in PRC; and
(iv) the ability of the mining operations to generate positive future operating cash flows

2. BASIS OF PREPARATION (Continued)

Barring any unforeseen circumstances that are beyond the control of the Company, the directors and the management of the Company are cautiously confident of the success of the Proposed RTO (concurrently with Proposed Disposal) and the Proposed Investment although the ultimate outcome of the above factors cannot be presently determined.

Despite the delay of the commencement in mining operations on the current 2 iron ore mines and the delay of the completion of the proposed RTO, based on the management's best estimates, the Group's existing cash and cash equivalents coupled with the future cash flows to be generated from the existing property development business, are sufficient for the Group to operate for the next 12 months from 31 December 2016. Hence, the financial statements are prepared on a going concern basis.

2A) Proposed RTO and Proposed Disposal (Status update)

With regards to the reverse takeover transaction as disclosed in Note 38 in 2015 annual report and also as first announced by the Company on 11 July 2013, and periodically thereafter on its progress, the Company on 31 March 2014 entered into a conditional sale and purchase agreement (the "Sale and Purchase Agreement") with China Geological Exploration Holdings Limited (中国地质勘查控股有限公司) ("CGE"), a company ultimately owned by the Geo-exploration and Mineral Development Bureau of the Henan Province (the "Henan Bureau") (河南省地质矿产勘查开发局), and Guide True Limited ("GT") (collectively, the "Vendors" or the "Original Vendors"), pursuant to which, the Company has agreed to purchase 100 ordinary shares of US$1.00 each (the "Sale Shares"), representing 100% of the issued and paid-up share capital of China Minerals Energy Limited (中国矿厂能源有限公司) (the "Target Company" and together with its subsidiaries, the "Target Group"), which will, in turn own, directly or indirectly, the following mines (the "Target Mines") located within and outside of the People's Republic of China ("PRC") (the "Proposed Acquisition"):

a) a tantalum-niobium mine in Nigeria;

b) a tin-copper mine in Tajikistan;

c) an iron ore and manganese mine in South Australia; and

d) two iron ore mines in Xinjiang, the PRC

The purchase consideration of the Proposed Acquisition was S$1,001,447,532 (the "Purchase Consideration"), subject to adjustment in accordance with the terms and conditions of the Sale and Purchase Agreement. The Purchase Consideration will be partially satisfied by the transfer by the Company to one of the Vendors of its entire shareholding and equity interest in Elegant Jade Enterprises Limited (美基企业有限公司) ("Elegant Jade") (a wholly-owned subsidiary of the Company) which in turn owns all the operating subsidiaries of the Group (the "Proposed Disposal"). The undergoing Proposed Acquisition constituting in a reverse takeover (the "Proposed RTO").

As announced by the Company on 30 June 2016, the relevant parties have entered into a supplementary agreement in extending the long-stop date for the completion of the Proposed RTO from 30 June 2016 to 30 June 2017. The relevant parties currently still await for certain technical reports to be completed in order that they may work out possible revised terms to the Amended and Restated SPA, which may include, but not limited to, the portfolio of the exploration and mining projects that will form part of the group of companies to be acquired by the Company pursuant to the Proposed RTO.

(Amounts in thousands of Chinese Renminbi ("RMB"))

2. BASIS OF PREPARATION (Continued)

2B) Proposed Investment

As announced by the Company on 25 April 2016, 12 May 2016, and 20 May 2016, the Company has entered into memorandum of understanding in relation to the proposed investment in an iron ore mine located in the Thabazimbi, Limpopo Province, South Africa (the "Thabazimbi Project").

Subsequently, on 28 March 2017, the Company entered into a conditional Sale and Purchase Agreement (the "Agreement") with Sino-Africa Mining International Limited (the "Vendor") to acquire 8,030 shares of a Luxembourg company, Sino Feng Mining International S.à r.l. (the "Target Company"), with the nominal value of US$1 each, constituting 40.15% of the total issued share capital of the Target Company (the "Proposed Investment"). Upon the completion of the Proposed Investment, the Company will, via the Target Company, hold an effective interest of 16.06% of the total issued share capital of a South African company, Aero Wind Properties (Pty) Ltd ("AWP"), which is the holder of a prospecting right granted by the relevant South African authority with an effective date of 4 February 2015, for a duration of 5 years, expiring on 3 February 2020, in respect of iron mineral over the Thabazimbi Project.

Under the Agreement for the Proposed Investment, unless otherwise agreed in writing by the Company, the Company shall not be required under any circumstances to contribute or pay any amount to the Vendor and/ or any of the Target Group Companies, including but not limited to operating expenses, working capital and any other expenditure of the Target Group Companies as well as all claims, taxes, assessments and governmental charges imposed upon the Target Group Companies or upon their property.

The parties to the Agreement has agreed that the aggregate consideration for the Proposed Investment shall be RMB 68,510,000 to be fully satisfied by the transfer of the Yi Feng Contract, in respect of the Yi Feng Holiday Plaza Project (懿丰假日广场项目), located in Zhumadian, Henan Province, PRC (the "Yi Feng Project") to the Vendor (refer to Note 10 and 11 for details on the Yi Feng Contract).

Based on the status of the conditions precedent in the Agreement as of the date of this report, the management expects that the Proposed Investment will be completed within the financial year 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

Adoption of new and revised standards

On 1 January 2016, the Group adopted the new or amended IFRS and Interpretations of IFRS ("INT IFRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and INT IFRS. The adoption of these new or amended IFRS and INT IFRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to IAS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to IAS 7: Disclosure Initiative	1 January 2017
Annual improvements to IFRS Standards 2014-2016	
- Amendments to IFRS 12: *Disclosure of Interests in Other Entities*	1 January 2017
- Amendments to IFRS 1: *First-time Adoption of Financial Reporting Standards*	1 January 2018

(Amounts in thousands of Chinese Renminbi ("RMB"))

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective (Continued)

Description	**Effective for annual periods beginning on or after**
- Amendments to IAS 28: *Investments in Associates and Joint Ventures*	1 January 2018
Amendments to IFRS 2: *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to IFRS 4: *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*	1 January 2018
Amendments to IAS 40: *Transfers of Investment Property*	1 January 2018
IFRS 9 *Financial Instruments*	1 January 2018
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
IFRS 16 *Leases*	1 January 2019
Amendments to IAS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Postponed definitely

The directors expect that the adoption of the new or amended standards and interpretations above will have no material impact on the financial statements in the period of initial application, except for the impending changes in accounting policy on adoption of the following:

<u>Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses</u>

The amendments clarify that unrealised losses on debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences. The amendments also clarify that the carrying amount of an asset does not limit the estimation of probable future taxable profits if there is sufficient evidence; and that when comparing deductible temporary differences with future taxable profits, the future taxable profits excludes tax deductions arising from the reversal of those deductible temporary differences. The amendments are to be applied retrospectively and are effective from 1 January 2017 with earlier application permitted.

<u>Amendments to IAS 7: Disclosure Initiative</u>

The amendments introduce additional disclosure requirement intended to enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes. The Group will apply these amendments prospectively in 2017.

<u>Amendments to IFRS 12: Disclosure of Interests in Other Entities</u>

IFRS 12 states that when an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the entity is not required to disclose summarised financial information for that subsidiary, joint venture or associate. This amendment clarifies that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The Group will assess the impact in the next financial year and shall apply these amendments retrospectively as appropriate for annual periods beginning on or after 1 January 2017.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective (Continued)

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, and introduces new requirements for classification and measurement, impairment and hedge accounting. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. IFRS 9 also introduces a new expected loss impairment model, and adds detailed guidance on impairment-related presentation and disclosures. IFRS 9 also contains new requirements on hedge accounting, which adopts a more principle-based approach, and allows entities to choose between applying hedge accounting requirements of IFRS 9 or continue to apply the existing hedge accounting requirements in IFRS 9 for all hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Based on the Group's preliminary assessment, the Group may need to re-assess the classification of the Group's financial asset at fair value through profit or loss if the relevant contract is still ongoing at the date of initial application of IFRS 9. On the other hand, the Group does not expect significant adjustment arising from changes in measurement basis of financial assets or liabilities or significant increase in impairment allowance based on the current credit risk assessment. The Group will continue to assess the impact of the new standard for the future periods.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model in accounting for revenue arising from contracts with customers, and will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective in 2018.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers.

The application of IFRS 15 may have a material impact on the amounts reported and disclosures in the Group's consolidated financial statements. Based on the Group's preliminary assessment, as the Group's revenue is mainly derived from sales of completed properties, the Group does not expect significant adjustment to the revenue recognition policy upon adoption of IFRS 15.

IFRS 16 Leases

This new standard on leases supersedes the previous standard (IAS 17) and interpretations and brings in a new definition of a lease that will be used to identify whether a contract is, or contains, a lease. For leasees, IFRS 16 reforms leasee accounting by introducing a single model similar to the existing finance lease model. Specifically, lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets and the associated obligations for lease payments, with limited exemptions. However, lessor accounting, with the distinction between operating and finance leases, remains largely unchanged. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial application of this standard. The Group will apply the new IFRS 16 when it becomes effective in 2019, which may have a material impact on the amounts reported and disclosures in the Group's consolidated financial statements. Based on the Group's preliminary assessment, the operating leases (as lessee) as disclosed in Note 33 (ii) is expected to be leases within the scope of IFRS 16 and the Group expects to recognise such leases as right-of-use assets with corresponding liabilities on the future minimum lease payments upon initial application of IFRS 16.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective (Continued)

IFRIC 22: Foreign Currency Transactions and Advance Consideration

IFRIC 22 requires a foreign currency transaction to be recorded using spot exchange rate at the date of transaction.

This interpretation clarifies that when an entity pays or receives consideration in advance in a foreign currency, the date of transaction for the purpose of determining the transaction rate on initial recognition of the related asset, expense or income (or part of it) is the date on which the entity initially recognises the non-monetary asset or liability (such as prepayment or deferred income) arising from the advance consideration. As such, no exchange gain will arise from the transfer of non-monetary asset or liability recognised for advance consideration to the related asset, expense or income at initial recognition. The interpretation applies to annual periods beginning on or after 1 January 2018, which an entity may elect to apply either retrospectively or prospectively.

Amendments to IAS 10 and IAS 28: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments set out that, on a sale or contribution of assets to a joint venture of associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, the extent of any gain or loss recognised depends on whether the assets or subsidiary constitute a business, as defined in IFRS 3 Business Combinations. When the assets or subsidiary constitute a business, any gain or loss is recognised in full; otherwise, the entity's share of the gain or loss is eliminated. The Group will apply these amendments prospectively to any such transaction occurring when the amendments become effective.

Group accounting

(i) Subsidiaries

*(a) Basis of consolidatio*n

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

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

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

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(a) Basis of consolidation (Continued)

- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(b) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(b) Acquisition of businesses (Continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to recognise them either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, at the date of acquisition.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

(c) *Disposals of subsidiaries or businesses*

The assets and liabilities of the subsidiary, including any goodwill, are derecognised when a change in the Company's ownership interest in a subsidiary result in a loss of control over the subsidiary. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss. Subsequently, the retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(ii) Joint ventures (equity-accounted investees)

Joint ventures are those entities over whose activities the Group has joint control, established by contractual arrangements and requiring unanimous consent for strategic financial and operating decision.

Investments in joint ventures are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on equity-accounted investees represents the excess of the cost of acquisition of the equity-accounted investees over the Group's share of the fair value of the identifiable net assets of the equity-accounted investees and is included in the carrying amount of the investments.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(ii) Joint ventures (equity-accounted investees) (Continued)

In applying the equity method of accounting, the Group's share of its equity-accounted investees' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the equity-accounted investees are adjusted against the carrying amount of the investment. When the Group's share of losses in equity-accounted investees equals or exceeds its interest in the equity-accounted investees, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the equity-accounted investees.

Unrealised gains on transactions between the Group and its equity-accounted investees are eliminated to the extent of the Group's interest in the equity-accounted investees. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The accounting policies of joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Upon loss of joint control over joint ventures, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint ventures upon loss of joint control and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

Subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries and joint ventures, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Currency translation

(i) Functional and presentation currency

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange difference arising on the settlement of monetary items or an translating monetary items at the reporting date are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of property, plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of property, plant and equipment is required to be replaced in intervals, the Group recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

All items of property, plant and equipment are depreciated using the straight-line method to write-off the cost of the assets less estimated residual value over their estimated useful lives as follows:

	Useful lives (Years)	Estimated residual value as a percentage of cost (%)
Buildings	20 years	10%
Furniture, fixtures and equipment	5 to 10 years	3% to 10%
Motor vehicles	5 to 6 years	3% to 10%
Leasehold improvements	over the lease terms of 2 to 10 years	0%

The residual value, estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in profit or loss within "Other income / (expenses)".

Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised on a straight-line basis over the lease term of 30 years.

Completed properties for sale

Completed properties for sale are properties held for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation. Completed properties for sale are stated at the lower of cost and net realisable value.

Cost is determined by apportionment of the total land costs, development costs and capitalised borrowing costs based on floor area of the unsold properties.

Net realisable value is determined by reference to the Group's estimates of the sales proceeds of properties sold in the ordinary course of business less costs to be incurred in marketing, selling and distribution based on prevailing market conditions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecasts calculations are generally covering a period of five-year period and projecting for another 28 years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

Financial assets

(i) Initial recognition and measurement

Financial assets are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

(ii) Subsequent measurement

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturities investments, re-evaluates this designation at every reporting date. As at the reporting date, the Group has financial assets in the categories of financial assets at fair value through profit or loss and loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

(ii) Subsequent measurement (Continued)

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if they are acquired principally for the purpose of selling or repurchasing in the short term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Financial assets designated at fair value through profit or loss are those that are managed and their performance are evaluated on a fair value basis, in accordance with the Group's investment policy. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the reporting date.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains and losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except those expected to be realised later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables comprise other investment, cash and cash equivalents, pledged bank deposits, other receivables and deposits, including amounts due from subsidiaries, joint ventures and related parties.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016
(Amounts in thousands of Chinese Renminbi ("RMB"))

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Derivative financial instruments

The Group enters into agreement with a third party which creates derivative financial instruments. Further details of derivative financial instruments are disclosed in Note 11 to the financial statements.

Derivative are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to its fair value at the end of each reporting date. The resulting gain and loss is recognised in profit or loss immediately.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. As at reporting date, the Group did not have any financial liabilities in the categories of the financial liabilities at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

(ii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when liabilities are derecognised and through the amortisation process.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in an active market (such as exchange traded and over-the-counter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets and the financial liabilities are the current bid prices and the current asking prices respectively.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair value of the financial instruments.

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required for the Group to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Financial guarantee

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised as a liability at their fair values, adjusted for transaction costs directly attributable to the issuance of the guarantees. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liabilities will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Share capital and treasury shares

Proceeds from issuance of ordinary shares are classified as share capital in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

When ordinary shares are reacquired ("treasury shares"), the amount of consideration paid including any directly attributable incremental costs is presented as a component within equity, until they are cancelled, sold or reissued. When treasury shares are subsequently cancelled, the cost of the treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company, if the shares are purchased out of earnings of the Company. When treasury shares are subsequently sold, or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and the related costs can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of properties

Revenue arising from the development of properties for sales is recognised when the respective properties have been completed and delivered to the buyers. Deposits and installments received from purchasers prior to this stage are included in current liabilities.

(ii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and at the effective interest rate applicable.

Employees' benefits

(i) Retirement benefits

The Group participates in the national schemes as defined by the laws of the countries in which it has operations.

<u>Singapore</u>

The Company makes contribution to the Central Provident Fund ("CPF") Scheme in Singapore, a defined contribution pension schemes.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees' benefits (Continued)

(i) Retirement benefits (Continued)

People's Republic of China ("PRC")

The subsidiaries, incorporated and operating in the PRC, is required to provide certain retirement plan contribution to their employees under the existing PRC regulations. Contributions are provided at rates stipulated by the PRC regulations and are managed by government agencies, which are responsible for administering these amounts for the subsidiary's employees.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the reporting date.

Income tax

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

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted by the reporting date in the countries where the Group operates and generates taxable income. Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

All income from sale of properties in the PRC is subject to Land Appreciation Tax ("LAT") at progressive rates under the PRC tax laws and regulations. Management has to estimate the LAT progress rate to provide for LAT in accordance with the PRC tax laws and regulations. The management considered the provision of LAT, as disclosed in Note 31 to be adequate.

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

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalent comprises cash on hand, deposits with financial institutions, and short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value.

Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chairman, who is the chief operating decision maker, whose members are responsible for allocating resources and assessing performance of the operating segments.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Determination of fair value (loss) / gain of financial asset at fair value through profit or loss

As disclosed in Note 10 and Note 11, the Group determined the fair value of the Group's entitlement of the Yi Feng Contract using discounted cash flows ("DCF") method, which requires an estimation of the probable future economic benefits that are expected to be generated by the Yi Feng Project. The DCF are calculated based on the estimated profit sharing of the Yi Feng Project ("the Entitlement") to be received from the Developer. The fair value gain or loss is most sensitive to the market demand and selling price for the future sales of properties in next year, as well as deemed revenue. Further details of the key assumptions applied in the DCF, the carrying amounts as at reporting date and the fair value gain or loss recognised during the year are disclosed in Note 11.

The estimation uncertainty and sensitivity analysis is also disclosed in Note 11. Favourable or unfavourable changes in the market demand, selling price for the future sales of properties in next year and outcome of negotiation with developer to determine deemed revenue for unsold properties as at 31 December 2017 would result changes in the fair value of the financial asset at fair value through profit or loss in the next financial year. However, the risk of changes in fair value in Yi Feng Contract is mitigated by the Group's plan to dispose the Group's rights under Yi Feng Contract to obtain a mining interest in South Africa as disclosed in Note 2B.

(b) Impairment of completed properties for sale

Completed properties for sale are reviewed for impairment whenever events and circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. As disclosed in Note 12, the Group has recognised a write-back of impairment loss of RMB 5,876,000 (2015: impairment loss of RMB 6,451,000) relating to the commercial units and basement units of the development project in profit or loss. The net carrying amount of commercial units and basement units at the end of the reporting period was RMB 8,168,000 (2015: RMB 4,973,000) with an accumulated impairment of RMB 7,157,000 (2015: RMB 13,033,000). Favourable changes to market price of basement units would result in reversal in the impairment loss reported in profit or loss in the next financial year. Unfavourable changes to the market demand for the commercial units within the residential project would result in changes in the impairment loss reported in profit or loss in the next financial year.

The completed properties for sale also comprise townhouse units for sale of RMB 49,383,000 (2015: RMB 57,117,000) as at 31 December 2016. Management is of the view that the average net realisable value for such units is above its cost, as the management expects the selling price of its townhouse units to increase in the near future to the market price. Favourable or unfavourable changes to the market demand for the townhouse units within the residential project would result in changes in the impairment loss reported in profit or loss in the next financial year.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments (Continued)

(i) Critical accounting estimates and assumptions (Continued)

(c) Impairment of other receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that the amounts due from other receivables are impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the value of any collateral pledged by the third parties, probability of insolvency or significant financial difficulties of the third parties and default or significant delays in payments.

Included in the total assets of the Group as at 31 December 2016 was other receivables with carrying amount of RMB 3,859,000 (2015: RMB 3,379,000), which was stated after allowance made for impairment loss amounting to RMB 14,627,000 (2015: RMB 14,627,000). The factors considered by the management in individually determining that these balances were impaired are disclosed in Note 13 (i) and (ii). Any change in the financial standing or probability of the recovery of such balances may result in adjustment to these carrying amounts within the next financial year.

(d) Impairment of amount due from joint ventures

The Group assesses at the end of each reporting period whether there is any objective evidence that the amounts due from joint ventures are impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as probability of insolvency of the joint venture and, the ability of joint ventures partner to contribute proportionately.

During the year, the Group has done an assessment and made impairment losses of RMB 387,000 (2015: RMB 5,620,000) charged to profit or loss on the amount due from joint ventures, in view that the joint venture currently does not have revenue-generating activities (Note 16(a)).

The factors considered by the management in determining the impairment loss are disclosed in Note 16(a). The carrying amount of amount due from joint ventures at the end of the reporting period was RMB 3,392,000 (2015: RMB 3,016,000).

(e) Impairment of investment of subsidiaries

When there is an indication that a subsidiary has suffered an impairment loss, for example the subsidiary is in capital deficit and has suffered operating losses; an assessment is made as to whether the investment in the subsidiary has suffered any impairment, in accordance with the stated accounting policy. An estimate is made of the future profitability of the subsidiary, and the financial health of and near-term business outlook for the subsidiary, including factors such as industry and sector performance, and operating cash flows.

During the year, the Company recognised an impairment loss of investment in subsidiaries amounting to RMB 37,750,000 (2015: RMB 16,500,000) which is recognised in profit or loss. The total carrying amount of investment in subsidiaries net of impairment of RMB 440,183,000 (2015: RMB 402,433,000) as at 31 December 2016 is RMB 152,351,000 (2015: RMB 190,101,000).

The factors considered by the management in estimating the recoverable amount of the investment in subsidiaries are disclosed in Note 8. In particular, substantial rebounce in the iron ore price may result in reversal of impairment loss in Nice Rhythm reported by the Company in next financial year. On the other hand, the recoverable amount of Elegant Jade is determined by the changes in the Disposal Consideration as disclosed in Note 38 in 2015 annual report and as announced by the Company on 31 December 2014. Changes in the outcome of the Proposed Disposal undertaken concurrently with Proposal RTO (Note 2A) would affect the impairment loss in Elegant Jade.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments (Continued)

(i) Critical accounting estimates and assumptions (Continued)

(f) Income taxes

Corporate Income Tax ("CIT")

Significant judgement is involved in determining the Group's provision for income taxes, including the deductibility of certain expenses and construction costs. There are certain transactions and computations for which the ultimate tax determination is uncertain until the finalisation of CIT at the completion of the entire development project. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax in the period in which such determination is made. The carrying amount of the Group's income tax payable at the end of the reporting period was approximately RMB 36,399,000 (2015: RMB 41,684,000).

Land Appreciation Tax ("LAT")

The Group is subject to Land Appreciation Tax ("LAT") in the PRC. However, the Group has not finalised its LAT calculation and payments with the local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related LAT. The Group recognised LAT based on management's best estimates according to understanding of the tax rules. The carrying amount of the Group's LAT receivables at the end of the reporting period was approximately RMB 1,559,000 (2015: RMB 1,396,000). The carrying amount of the LAT recoverable was combined with CIT payable above on the face of the statement of financial position.

If the estimated allowable deductible expenses increases/decreases by 5% from management's estimates, the Group's LAT expenses for the financial year ended 31 December 2016 will decrease/increase by approximately RMB 3,500,000 and RMB 5,700,000 respectively.

Deferred tax assets not recognised

The Group has tax losses carried forward amounting RMB 62,887,000 (2015: RMB 61,871,000). These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither temporary taxable differences nor any tax planning opportunities available that could support the recognition of any of these losses as deferred tax assets. The carrying value of recognised tax losses as at 31 December 2016 was RMB 3,510,000 (2015: RMB 4,154,000) and unrecognised tax losses as at 31 December 2016 was RMB 59,377,000 (2015: RMB 57,717,000). The expiry dates of such tax losses are disclosed in Note 21.

(Amounts in thousands of Chinese Renminbi ("RMB"))

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments (Continued)

(ii) Critical judgements in applying the entity's accounting policies

Proposed disposal of subsidiary

As at 31 December 2015, the Proposed RTO and the Proposed Disposal (Note 24) were not completed due to the unforeseeable delay as the internal restructuring by China Minerals Energy Limited has resulted in the parties to the Proposed RTO requiring further time to work out possible revised terms, which may include, but not limited to, the portfolio of the exploration and mining projects that will form part of the group of companies to be acquired by the Company pursuant to the Proposed RTO. Consequently, the management is of the view that, as at reporting date, the Group's property business via Elegant Jade and its subsidiaries does not meet the criteria under *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations* for classification as Disposal Group Held For Sale.

Updated in 2016:

On 30 June 2016, the Company has entered into the 2nd supplemental letter to further extend the long stop date from 30 June 2016 to 30 June 2017. Accordingly, the management is of the view that, as at reporting date, the proposed disposal still does not meet the criteria under IFRS 5.

4. FINANCIAL INSTRUMENTS

Categories of financial instruments

The following table sets out the financial instruments as at the reporting date:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets				
Loans and receivables	106,450	115,292	42,237	46,680
Financial asset at fair value through profit or loss – derivative financial instrument	11,592	19,314	–	–
	118,042	134,606	42,237	46,680
Financial liabilities				
Financial liabilities at amortised cost	16,543	20,119	82,254	82,139

Financial risk management objectives and policies

The Group does not have written risk management policies and guidelines. The directors of the Company meet periodically to analyse and formulate measurements to manage the Group's exposure to market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments for hedging or speculative purposes. There has been no change during the financial year to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(Amounts in thousands of Chinese Renminbi ("RMB"))

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk

(a) Foreign exchange risk

The Group transacts business in various foreign currencies including United States dollar, Hong Kong dollar and Singapore dollar. At the end of the reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

Group	Renminbi	United States dollar	Hong Kong dollar	Singapore dollar	Total
2016	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets					
Other receivables and deposits	4,998	–	9	–	5,007
Amounts due from related parties (non-trade)	–	500	–	–	500
Amounts due from joint ventures (non-trade)	3,392	–	–	–	3,392
Cash and cash equivalents	16,043	14,265	3,866	233	34,407
Pledged bank deposits	6,226	–	–	–	6,226
Other investment	56,918	–	–	–	56,918
Financial asset at fair value through profit or loss	11,592	–	–	–	11,592
	99,169	14,765	3,875	233	118,042
Financial liabilities					
Trade payables	6,523	–	–	–	6,523
Accrual and other payables	6,777	–	–	834	7,611
Amounts due to related parties (non-trade)	520	–	–	–	520
Amounts due to joint ventures (non-trade)	1,878	–	–	–	1,878
Amounts due to joint ventures partner (non-trade)	11	–	–	–	11
	15,709	–	–	834	16,543
Net financial assets / (liabilities)	83,460	14,765	3,875	(601)	101,499
Less: Net financial assets denominated in the respective entities' functional currency	(83,460)	–	–	–	(83,460)
Foreign currency exposure	–	14,765	3,875	(601)	18,039

(Amounts in thousands of Chinese Renminbi ("RMB"))

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Group 2015	Renminbi RMB'000	United States dollar RMB'000	Hong Kong dollar RMB'000	Singapore dollar RMB'000	Total RMB'000
Financial assets					
Other receivables and deposits	4,629	–	9	572	5,210
Amounts due from related parties (non-trade)	–	468	–	–	468
Amounts due from joint ventures (non-trade)	3,016	–	–	–	3,016
Cash and cash equivalents	27,396	18,168	3,651	235	49,450
Pledged bank deposits	7,308	–	–	–	7,308
Other investment	49,840	–	–	–	49,840
Financial asset at fair value through profit or loss	19,314	–	–	–	19,314
	111,503	18,636	3,660	807	134,606
Financial liabilities					
Trade payables	8,635	–	–	–	8,635
Accrual and other payables	7,982	–	183	822	8,987
Amounts due to related parties (non-trade)	520	–	–	–	520
Amounts due to joint ventures (non-trade)	1,966	–	–	–	1,966
Amounts due to joint ventures partner (non-trade)	11	–	–	–	11
	19,114	–	183	822	20,119
Net financial assets / (liabilities)	92,389	18,636	3,477	(15)	114,487
Less: Net financial assets denominated in the respective entities' functional currency	(92,389)	–	–	–	(92,389)
Foreign currency exposure	–	18,636	3,477	(15)	22,098

As the intragroup receivables and intragroup payables are denominated in Renminbi, which is the functional currency of all entities of the Group, hence the Group is not subject to material foreign currency risk on these balances.

(Amounts in thousands of Chinese Renminbi ("RMB"))

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Company 2016	Renminbi	United States dollar	Hong Kong dollar	Singapore dollar	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets					
Amounts due from subsidiaries (non-trade)	26,752	–	–	–	26,752
Amounts due from related parties (non-trade)	–	500	–	–	500
Cash and cash equivalents	–	12,023	2,782	180	14,985
	26,752	12,523	2,782	180	42,237
Financial liabilities					
Accruals and other payables	–	–	–	834	834
Amounts due to subsidiaries (non-trade)	80,900	–	–	–	80,900
Amounts due to related parties (non-trade)	520	–	–	–	520
	81,420	–	–	834	82,254
Net financial (liabilities) / assets	(54,668)	12,523	2,782	(654)	(40,017)
Less: Net financial liabilities denominated in the Company's functional currency	54,668	–	–	–	54,668
Foreign currency exposure	–	12,523	2,782	(654)	14,651

(Amounts in thousands of Chinese Renminbi ("RMB"))

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Company 2015	Renminbi RMB'000	United States dollar RMB'000	Hong Kong dollar RMB'000	Singapore dollar RMB'000	Total RMB'000
Financial assets					
Other receivables and deposits	–	–	–	572	572
Amounts due from subsidiaries (non-trade)	30,925	–	–	–	30,925
Amounts due from related parties (non-trade)	–	468	–	–	468
Cash and cash equivalents	–	11,968	2,561	186	14,715
	30,925	12,436	2,561	758	46,680
Financial liabilities					
Accruals and other payables	–	–	183	822	1,005
Amounts due to subsidiaries (non-trade)	80,614	–	–	–	80,614
Amounts due to related party (non-trade)	520	–	–	–	520
	81,134	–	183	822	82,139
Net financial (liabilities) / assets	(50,209)	12,436	2,378	(64)	(35,459)
Less: Net financial liabilities denominated in the Company's functional currency	50,209	–	–	–	50,209
Foreign currency exposure	–	12,436	2,378	(64)	14,750

(Amounts in thousands of Chinese Renminbi ("RMB"))

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Foreign exchange risk sensitivity analysis

The following table details the sensitivity to a 5% strengthening and weakening in the relevant foreign currencies against the Renminbi. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the Group's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the relevant foreign currencies weakened by 5% (2015: 10%) against the Renminbi, loss for the year will increase / (decrease) by:

	United States dollar impact		Hong Kong dollar impact		Singapore dollar impact	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Group						
Loss for the year	554	1,398	145	261	(23)	(1)
Comapany						
Loss for the year	626	1,244	139	238	(33)	(6)

A 5% (2015: 10%) strengthening of the relevant foreign currencies against the Renminbi at 31 December would have had the equal but opposite effect on loss for the year on the basis that all other variables remained constant.

The movement of foreign exchange rate does not have any impact on the equity of the Company and the Group.

(b) Interest rate risk

The Group and the Company has no significant exposure to cash flows due to changes in interest rate, as there is no interest-bearing assets and liabilities or assets or liabilities. There is also no exposure to fair value changes arising from interest rate changes as the asset measured at fair value (Note 11) is not affected by market interest rate changes.

(Amounts in thousands of Chinese Renminbi ("RMB"))

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. Cash and cash equivalents of the Group (Note 19) and Pledged bank deposits (Note 18) are placed with reputable financial institutions in Singapore, PRC and Hong Kong. Therefore, credit risk arises mainly from the inability of its debtors to make repayments when due. Except as disclosed in Note 13 and 16, the amounts presented in the statement of financial position are not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

As at 31 December 2016, other than as disclosed elsewhere, the Group's significant credit risk exposure to single counterparty or group of counterparties having similar characteristics, are mainly described below:

- Included in other investment (Note 10) was an amount of RMB 56,918,000 (2015: RMB 49,840,000) which represents the amortised cost of an amount paid to a third party as capital advances which is fully refundable at the end of agreement. The financial asset at fair value through profit or loss (Note 11) also represents an amount expected to be received from the same party, which stood at RMB 11,592,000 (2015: RMB 19,314,000) as at 31 December 2016. Hence the total amounts recoverable from this party amounted to RMB 68,510,000 (2015: RMB 69,154,000) as at 31 December 2016, which represents a concentration of credit risk. Management is of the view that the risk of default is low in view that the construction of the Yi Feng Project is mostly completed and the counterparty is an established property developer in the region where the Yi Feng Project is located. There is no collateral held.

The carrying amount of financial assets recorded in the consolidated financial statements, represents the Group's maximum exposure to credit risk, except as follows:

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Financial guarantees provided to banks for housing loan of the individual buyers of the Group's property development project (Note 33(i))	111,805	136,582

Further details of credit risks on other receivables and amounts due from joint ventures, including the concentration and the factors considered in determining the impairment individually are disclosed in Note 13 and 16 respectively.

(Amounts in thousands of Chinese Renminbi ("RMB"))

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Liquidity risk

The Group maintains sufficient cash and cash equivalents to finance their activities.

The following tables detail the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	Group		Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Repayable on demand or within 1 year				
Non-interest bearing liabilities	16,543	20,119	82,254	82,139
Financial guarantee (Note 33(i))	111,805	136,582	–	–
	128,348	156,701	82,254	82,139

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting date, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the property buyers default and that the auction prices are not sufficient to recover outstanding home loans.

The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

Capital risk management policies and objectives

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's and Company's overall strategies remain relatively similar with that of 2015.

Fair value of financial instruments

(i) Fair value of financial instruments that are carried at fair value

Fair value hierarchy

The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchies have the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(Amounts in thousands of Chinese Renminbi ("RMB"))

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Liquidity risk (Continued)

(i) Fair value of financial instruments that are carried at fair value (Continued)

Fair value hierarchy (Continued)

The Group had no other financial assets or liabilities carried at fair value, except for the following:

As at 31 December 2016 and 31 December 2015, financial asset at fair value through profit or loss (Note 11) is classified as Level 3. Because the fair value of financial assets cannot be derived from active markets, the management determined using valuation techniques, i.e. discounted cash flows model, which use unobservable data. The sensitivity analysis and inter-relationship of the significant unobservable inputs are disclosed in Note 11.

Movements in Level 3 financial instruments measured at fair value

The following table presents the reconciliation for all financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	Group	
	2016	**2015**
	RMB '000	**RMB '000**
Financial asset at fair value through profit or loss - Derivative		
At the beginning of year	19,314	–
Addition (Note 10)	–	15,708
Fair value (loss) / gain recognised in profit or loss (Note 27/28)	(7,722)	3,606
At end of the year	11,592	19,314

Financial instruments transferred from Level 1 to Level 3

There has been no transfer from Level 1 and Level 2 to Level 3 during financial year ended 31 December 2016 and 2015.

(ii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and cash equivalents, trade and other receivables and payables and other current assets are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rate on or near the reporting date.

The fair value of Other investment (Note 10) is estimated by market interest rate adjusted with market risk premium for equivalent unsecured loan. As at reporting date, the carrying amount of Other investment is approximate its fair value.

(iii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

At reporting date, there are no financial instruments in this category.

(Amounts in thousands of Chinese Renminbi ("RMB"))

5. RELATED PARTY TRANSACTIONS

Some of the arrangements with related parties (as defined in Note 3) and the effects of these bases determined between the parties are reflected elsewhere in this report.

The Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, non-interest bearing and repayable on demand.

Significant transactions with the entities jointly controlled by a director of the Company and a close member of his family.

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Advances to joint ventures	(929)	(3,866)
Advances from related parties	–	8,372
Repayment to related parties	–	(35,066)

The balance arising from the above transaction and the amount of doubtful debts recognised are disclosed in Note 15: Amounts due from / (to) related parties (non-trade) and Note 16 (a): Amounts due from joint ventures (non-trade).

The remuneration of directors and other members of key management during the financial years were as follows:

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Short-term benefits	4,957	6,713
Post-employment benefits – Defined contribution	242	209
	5,199	6,922

(Amounts in thousands of Chinese Renminbi ("RMB"))

6. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost					
As at 1.1.2015	220	16,661	3,448	4,582	24,911
Additions	–	–	30	850	880
Disposals	–	–	–	(396)	(396)
As at 31.12.2015	220	16,661	3,478	5,036	25,395
As at 1.1.2016	220	16,661	3,478	5,036	25,395
Additions	–	86	12	2	100
Disposals	–	(966)	(19)	(8)	(993)
As at 31.12.2016	220	15,781	3,471	5,030	24,502
Accumulated depreciation					
As at 1.1.2015	125	13,768	1,385	1,013	16,291
Charge for the year	11	1,013	643	900	2,567
Disposals	–	–	–	(326)	(326)
As at 31.12.2015	136	14,781	2,028	1,587	18,532
As at 1.1.2016	136	14,781	2,028	1,587	18,532
Charge for the year	11	590	643	1,110	2,354
Disposals	–	(818)	(13)	–	(830)
As at 31.12.2016	147	14,553	2,658	2,697	20,056
Net carrying value					
As at 31.12.2016	73	1,228	813	2,333	4,446
As at 31.12.2015	84	1,880	1,450	3,449	6,863

(Amounts in thousands of Chinese Renminbi ("RMB"))

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	**Leasehold improvement** RMB'000	**Furniture, fixtures and equipment** RMB'000	**Total** RMB'000
Cost			
As at 1.1.2015, 31.12.2015 and 1.1.2016	966	28	994
Disposal	(966)	(10)	(976)
As at 31.12.2016	–	18	18
Accumulated depreciation			
As at 1.1.2015	225	18	243
Charge for the year	444	3	447
As at 31.12.2015	669	21	690
As at 1.1.2016	669	21	690
Charge for the year	148	2	150
Disposal	(817)	(7)	(824)
As at 31.12.2016	–	16	16
Net carrying value			
As at 31.12.2016	–	2	2
As at 31.12.2015	297	7	304

7. LAND USE RIGHTS

	Group	
	2016 RMB'000	**2015** RMB'000
Cost		
At beginning of year	54	56
Amortisation	(2)	(2)
At end of year	52	54

The Group has been granted land use rights over one plot of state-owned land in PRC where the Group's office resides for a lease term of 30 years.

During the financial year ended 31 December 2016, amortisation of RMB 2,000 (2015: RMB 2,000) has been charged to profit or loss.

(Amounts in thousands of Chinese Renminbi ("RMB"))

8. SUBSIDIARIES

	Company	
	2016	**2015**
	RMB'000	**RMB'000**
Unquoted equity shares, at cost	197,835	197,835
Deemed investment at cost [(i)]	378,795	378,795
Deemed investment in a subsidiary [(ii)]	15,904	15,904
	592,534	592,534
Less: Impairment		
At beginning of the year	(402,433)	(385,933)
Addition [(iii) & (iv)]	(37,750)	(16,500)
At end of year	(440,183)	(402,433)
	152,351	190,101
Represented by:		
Investment in Nice Rhythms [(iii)]	–	–
Investment in Elegant Jade [(iv)]	152,351	190,101
	152,351	190,101

Notes:

(i) Deemed investment at cost represents the amounts owing from subsidiaries which was neither likely nor plan to be recovered in the foreseeable future.

(ii) Deemed investment in a subsidiary arose from fair value of share options granted by the Company to the employees of its subsidiary for which there are no recharges.

(iii) During the financial year ended 31 December 2015, the management performed an impairment test for its investment in a subsidiary, Nice Rhythms Limited with net carrying amount (before impairment loss) of RMB16,500,000. The only asset of the subsidiary is its interest in joint venture in mining business, which had been fully impaired by financial year ended 31 December 2015 (Note 9) due to significant decline in the price of iron ore. As the subsidiary has no other asset or operations, the Company had correspondingly recognised a full impairment loss of RMB 16,500,000 on the remaining carrying amount of the investment in the subsidiary, which was charged to profit or loss during the previous financial year. The key assumptions in the value in use calculation for the impairment testing of the investment in joint ventures are disclosed in Note 9.

(iv) The carrying amount of the Company's investment in subsidiaries as at 31 December 2016 and 2015 represents investment in Elegant Jade. As disclosed in Note 38 in 2015 annual report in relation to the Proposed RTO which is to be undertaken concurrently with the Proposed Disposal of Elegant Jade, the Disposal Consideration of Elegant Jade is determined by reference to its net assets. As the Proposed RTO and the Proposed Disposal is still in progress as at the date of this report (Note 2A), net assets of Elegant Jade as at 31 December 2016 is used as the basis to determine the recoverable amount of the Company's investment in Elegant Jade as at 31 December 2016. As a result, the Company recognised an impairment loss of RMB 37,750,000 during the financial year ended 31 December 2016.

(Amounts in thousands of Chinese Renminbi ("RMB"))

8. SUBSIDIARIES (Continued)

Particulars of the Company's subsidiaries as at 31 December 2016 and 2015 are as follows:

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity held by the Group 2016	2015
			%	%
Held by the Company				
Elegant Jade Enterprises Limited ("Elegant Jade") (i)	Investment holding	British Virgin Islands	100	100
Nice Rhythms Limited (i)	Investment holding	British Virgin Islands	100	100
China Mining Singapore Pte Ltd (ii)	Mining consultancy and investment holding	Singapore	100	100
Held by Elegant Jade				
Whitewood Property Corporation (iii)	Dormant	British Virgin Islands	–	100
Zhengzhou Shengderun Mining Co., Ltd (formerly known as "Anyang Huilong Real Estate Co., Ltd") (i)	Dormant	PRC	100	100
Xinxiang Huilong Real Estate Co., Ltd (i)	Property development and investment holding	PRC	100	100
Henan Sunshine Elegant Jade Real Estate Co., Ltd (i)	Investment holding	PRC	100	100
Zhengzhou Elegant Jade Changqi Investment Co., Ltd (iv)	Investment securities trading	PRC	–	100
Henan Zhong Neng Mining Co., Ltd (iv)	Dormant	PRC	–	100
Beijing Zhong Neng Hui Feng Mining and Trading Co., Ltd (i)	Dormant	PRC	100	100

Notes:

(i) Audited by Crowe Horwath First Trust LLP, for the purpose of expressing an opinion on the consolidated financial statements.

(ii) Audited by Prudential Public Accounting Corporation for statutory purpose and reviewed by Crowe Horwath First Trust LLP for the purpose of expressing an opinion on the consolidation financial statements.

(iii) Disposed during the financial year.

(iv) De-registered during the financial year.

(Amounts in thousands of Chinese Renminbi ("RMB"))

8. SUBSIDIARIES (Continued)

Disposal of a subsidiary

On 2 December 2016, the Company disposed of 100% of the equity interest in Whitewood Property Corporation for a cash consideration of RMB 10,000 to an unrelated party. The effects of the disposal on the cash flows of the Group were:

	Group
	2016
	RMB'000
Carrying amounts of liabilities disposed of	
Trade and other payables	(650)
Income tax payable	(4,911)
Total liabilities	(5,561)
Net liabilities disposed of	(5,561)

The aggregate gain or loss and the cash inflows arising from the disposal of Whitewood Property Corporation were:

	Group
	2016
	RMB'000
Net liabilities disposed of	(5,561)
Total gain on disposal, included in Other Income (Note 27)	5,571
Net cash inflow on disposal	10

9. JOINT VENTURES

	Group	
	2016	2015
	RMB'000	RMB'000
Cost of investments in joint ventures	350,000	350,000
Deemed contribution in joint ventures (Note 16(a))	78	–
Share of post-acquisition losses	(2,164)	(2,086)
Impairment loss	(347,914)	(347,914)
	–	–

Current year's losses of the joint venture is continued to be shared as the Group has made payments on behalf of the joint venture. Such share of loss amounting to RMB 78,000 for the year is applied against deemed contribution reclassified from the amount due from joint ventures (Note 16(a)).

(Amounts in thousands of Chinese Renminbi ("RMB"))

9. JOINT VENTURES (Continued)

The Group has interest in joint ventures as detailed below, which is measured using the equity method. Share of post-acquisition losses of approximately RMB 78,000 (2015: RMB 484,000) has been recognised in the profit or loss during the year.

Details of the Group's joint ventures at 31 December 2016 and 2015 are as follows:

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity held by the Group 2016	2015
			%	%
Held by Nice Rhythm				
Tian Cheng Holdings Limited ("Tian Cheng")	Investment holding	British Virgin Islands	50	50
Held by Tian Cheng, directly and indirectly				
Zhengzhou Jing Wei Trading Co., Ltd	Investment holding	PRC	50	50
Zhengzhou Bidi Trading Co., Ltd	Investment holding	PRC	50	50
Xinjiang Feng Shuo Mineral Resources Co., Ltd	Exploration and mining	PRC	50	50
Zhengzhou Mai Yong Trading Co., Ltd	Investment holding	PRC	50	50
Luan Chuan County Zhong Tian Mineral Resources Co., Ltd	Exploration and mining	PRC	49.9	49.9

The above joint ventures are accounted for using the equity method and are audited by Crowe Horwath First Trust LLP for the purpose of expressing an opinion on the consolidated financial statements.

The following table summarises financial information of the joint venture based on its consolidated financial statements modified for fair value adjustment on acquisition:

	2016 RMB'000	2015 RMB'000
Non-current assets [(i)]	767,068	766,587
Current assets	1,263	1,030
Current liabilities	(72,658)	(71,789)

Note:

(i) Including fair value adjustment on iron ore mines amounting to RMB 701,954,000 (2015: RMB 701,954,000).

(Amounts in thousands of Chinese Renminbi ("RMB"))

9. JOINT VENTURES (Continued)

The above amounts of assets and liabilities include the following:

	2016 RMB'000	2015 RMB'000
Cash and cash equivalents	817	667
Current financial liabilities (excluding trade and other payables and provisions)	(15)	(54)
Revenue	–	–
Expenses / Net losses for the year, representing the total comprehensive loss	(155)	(968)

The above loss for the year include the following:

	2016 RMB'000	2015 RMB'000
Depreciation	(46)	(165)
Interest income	2	1

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2016 RMB'000	2015 RMB'000
Net assets of the joint venture (including fair value adjustment)	695,673	695,828
Proportion of the Group's ownership interest in the joint venture	50%	50%
	347,836	347,914
Accumulated impairment loss	(347,914)	(347,914)
Deemed contribution in joint venture	78	–
Carrying amount	–	–

<u>Movement in impairment loss on joint venture</u>

	Group	
	2016 RMB'000	2015 RMB'000
Balance at beginning of the year	(347,914)	(331,898)
Less: Impairment loss recognised (Note 28)	–	(16,016)
Balance at end of the year	(347,914)	(347,914)

<u>Impairment testing</u>

Determining whether investments in joint ventures are impaired requires an estimation of the value in use of those investments. The calculation of the value in use requires the entity to estimate the future cash flows for the period of the estimated operating lifespan of the mines based on the resource estimation and a suitable discount rate in order to calculate the present value.

9. JOINT VENTURES (Continued)

Impairment testing (Continued)

The Group had engaged Roma Appraisals Limited, an independent Hong Kong based valuer, to evaluate the fair values of Xinjiang and Henan Iron Ore Mines for the financial year ended 31 December 2015. Full impairment loss amounting to RMB 16,016,000 was recognised in profit or loss during financial year 2015, in view that:

(a) The recoverable amounts for both mines are determined to be nil as at 31 December 2016 and 31 December 2015 as the value-in-use calculations shows that the cost of production and development of the mines outweighs their expected future cash inflows to be generated.

(b) Fair value less costs of disposal as at 31 December 2016 and 31 December 2015 was also not expected to be of any significant amount in view of the current market sentiment in the mining industry.

Based on the result of the impairment testing, the management decided to keep these iron ore mines as reserves in the meantime as there is no viability and economic benefit to continue active development immediately until the macro-economic environment improves.

Sensitivity analysis

As at 31 December 2015, the mines were fully impaired principally due to the significant decline in the iron ore prices. The 2-year trailing average of Iron Ore Price TFe 20.26% and TFe 35.62% for 2015 stood at RMB 662 per ton and RMB 641 per ton respectively.

As at 31 December 2016, the 2-year trailing average of Iron Ore Price further deteriorated to RMB 582 per ton and management is in view that this will not have impact on the valuation of their mines which is already fully impaired. As such, the management did not engage the valuer to update the valuation as of 31 December 2016.

These prices would need to re-bounce to RMB 1,043 (or increase by 58%) per ton and RMB 806 (or increase by 26%) per ton respectively in order for the value-in-use calculations of the mines to return to positive; with other assumptions remain constant. Sensitivity analysis for the impact is also not presented as the management does not view that the rebounce of iron ore price to RMB 1,043 is reasonably possible within the next financial year.

Valuation techniques and assumptions:

The valuation was based on an Income-Based Approach. Different values of an independent variable would impact a particular dependent variable under a given set of assumptions, especially iron price, discount rate and total amount of resource adopted in the valuation. Resource estimation will be affected by various factors, such as (i) more detailed knowledge about existing resource (e.g. detailed engineering or geological studies are being carried out in addition to the existing geological studies which have been performed); (ii) new events that affect the physical quantity of resource (e.g. major fire in a mine); and (iii) changes in economic assumptions (e.g. lower commodity prices).

The valuation also assumes that, amongst others, the joint venture will obtain the exploitation licenses from the relevant authorities in time to commence operation and generate cash flows by year 2018 (2 years from reporting date, 31 December 2015) for the mine located in Henan Province and by year 2019 for the mine located at Xinjiang Province. The application of the mining licenses is postponed as there is no viability and economic benefits to continue the active development of the 2 iron ore mines until the macro economic environment improves.

The cash flows forecast and projection is for a total of 28 years as it is estimated that the resources will be fully extracted in 28 years. The discount rate of 12% used was pre-tax and reflected specific risks relating to the relevant industry.

(Amounts in thousands of Chinese Renminbi ("RMB"))

10. OTHER INVESTMENT

	Group	
	2016 RMB'000	2015 RMB'000
Other investment, at amortised cost		
Balance at beginning of the year	49,840	–
Addition [(i)]	–	65,000
Fair value adjustment, re-classified as financial asset at fair value through profit or loss [(ii)] (Note 11)	–	(15,708)
	49,840	49,292
Accretion of interest income [(iii)]	7,078	548
Balance at end of the year	56,918	49,840

Notes:

(i) In November 2015, the Group has entered an agreement, ("Yi Feng Contract") with an unrelated property company (the "Developer") to invest a total sum of RMB 65,000,000 (the "Capital Advance") in the Developer's mixed property development project, Yi Feng Holiday Plaza Project (懿丰假日广场项目) (the "Yi Feng Project"), located in Zhumadian, Henan Province, PRC. In return of the interest-free Capital Advance, the Group is entitled to share 10% of the profit in Yi Feng project, which is defined as total revenue from sales of unsold properties less cost to complete and related tax expenses of the Yi Feng Project (the "Entitlement"). The calculation of the Entitlement will be done and agreed between the two parties before 31 December 2017. The agreement also provides for the Developer to fully refund the initial sum of RMB 65,000,000 in the event that the Yi Feng Project turned out to be loss-making.

(ii) At inception, the fair value of interest-free Capital Advance, which is discounted at market borrowing rate of equivalent unsecured loans for 2 years, at 14% per annum is RMB 49,292,000. The discount, which is the difference between the initial sum and the fair value, amounted to RMB 15,708,000, is treated as the deemed cost of the Entitlement at inception. The fair value of the Entitlement is subject to changes in the profitability of the Yi Feng Project, and is classified as financial assets at fair value through profit or loss (Note 11).

(iii) The Capital Advance is carried at amortised cost with an effective interest rate of 14% per annum. The amortisation of the discount for the current financial year, amounting to RMB 7,078,000 (2015: RMB 548,000), is recognised as finance income in profit or loss (Note 29). Even though the agreement provides for early termination which will also entitle the Group to a full refund of RMB 65,000,000 at zero interest, the Group expects that the Yi Feng Project will be profitable and hence does not expect early termination.

11. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial asset at fair value through profit or loss as at 31 December 2016 was as follows:

	Group	
	2016 RMB'000	2015 RMB'000
At beginning of the year	19,314	–
Deemed cost of the Entitlement (Note 10)	–	15,708
Fair value (loss) / gain (Note 27/28)	(7,722)	3,606
Balance at end of the year	11,592	19,314

As disclosed in Note 10, a fair value difference of RMB 15,708,000 arising from the discounting of the Capital Advances at market rate of borrowing at inception was recognised as the deemed cost of the Entitlement at inception, classified as financial asset at fair value through profit or loss ("FVTPL") during the financial year ended 31 December 2015.

(Amounts in thousands of Chinese Renminbi ("RMB"))

11. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Valuation technique:

With the assistance of external valuation specialist engaged by the Group, the fair value of the financial asset at FVTPL was determined by applying discounted cash flows model on the estimated Entitlement expected to be received after 2017. The Entitlement amount is derived from the Yi Feng Project's current year financial performance and the budget of the Yi Feng Project for the next financial year (2015: budget of the Project for the next two financial years), which represents the total sales amount of properties under Yi Feng Project, less costs to complete and taxes.

The key assumptions applied in discounted cash flows which are considered significant unobservable inputs are disclosed as below:

	Group		Inter-relationship between input and fair value [(a)]
	2016	**2015**	
Discount rate	19.02%	20%	Inverse
Selling price of properties (RMB / square meter):			
- Commercial unit	9,000 to 15,000	4,500 to 17,000	Positive
- Residential unit	3,000	3,200	Positive
- Hotel	4,200	4,500	Positive
Unsold properties at 31 December 2017			
- Commercial unit	83%	40%	Inverse
- Residential unit	88%	49%	Inverse
- Hotel	100%	100%	Inverse
Selling expenses	5% of total revenue	5% of total revenue	Inverse
Cost to complete (RMB' 000)	106,000	106,000	Inverse

As at 31 December 2016 and 2015, the construction of the Yi Feng Project is complete except for renovation of Hotel and Commercial units which comprise the cost to complete. There was no actual cost incurred yet for such renovation, which will only commence after higher percentage sold.

According to the agreement, the agreement is considered completed if the Yi Feng Project is fully sold or deemed to be fully sold, and the revenue to be taken into account in the calculation of the Entitlement includes revenue or deemed revenue for unsold units. According to the negotiation between the two parties, the Developer intends to purchase all unsold properties at 31 December 2017 at a price to be negotiated, which is taken to be the deemed revenue. In determining the estimated amount of the Entitlement, the management estimates that the Developer will purchase the unsold units at a discount of 25% (15% to 25%) from the market value at 31 December 2017.

(a) Inter-relationship between key unobservable inputs and fair value measurement

(i) Inverse: The unobservable inputs to the discounted cash flows model have an inverse relationship to the valuation, i.e. the higher the input, the lower the fair value.

(ii) Positive: The unobservable inputs to the discounted cash flows model have a positive relationship to the valuation, i.e. the higher the input, the higher the fair value:

(Amounts in thousands of Chinese Renminbi ("RMB"))

11. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(a) Inter-relationship between key unobservable inputs and fair value measurement (Continued)

(iii) The estimated fair value would increase (decrease) if:

- The discount rate were lower (higher);
- Selling price of properties were higher (lower);
- Unsold properties at the end of the agreement were lower (higher);
- Discount estimated in determining the deemed revenue unsold properties were lower (higher);
- Selling expenses were lower (higher);
- Cost to complete were lower (higher).

(b) Inter-relationship between key unobservable inputs

(i) Selling expenses would increase (decrease) if selling price of properties were increase (decrease).

(ii) It is expected that if the percentage unsold as at 31 December 2017 were to be higher than forecasted, the quantum of discount to be granted in order for the Developer to purchase the units as deemed revenue would increase. However, the management is of the view that the quantum is on the negotiation basis taking into consideration the property market then and hence the correlation is not currently determinable.

Sensitivity analysis

The fair value (loss) / gain is most sensitive to the market demand and selling price for the future sales of properties in next year (2015: two years), as well as deemed revenue, which is determined based on following key assumptions:

● The selling price is estimated using the latest market selling price of similar properties in the same City, as of 31 December 2016, without adjusting the possibility of price increase or reduction of the Yi Feng Project in next one year, as the Group expects the industry to remain competitive.

● The percentage unsold properties is estimated by reference to the percentage sold since the launching of the Yi Feng Project until 31 December 2016 and similar sales momentum is projected to continue until 31 December 2017.

● The discount offered to Developer on unsold properties is estimated by reference to management's experience in the industry.

FY2016

Percentage change in selling price	Financial asset at FVTPL (RMB)	Increase / (Decrease) In Fair Value changes (RMB)
+5%	15,209,000	3,617,000
0	11,592,000	–
-5%	8,082,000	(3,510,000)

(Amounts in thousands of Chinese Renminbi ("RMB"))

11. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Sensitivity analysis (Continued)

FY2016 (Continued)

Percentage change in unsold properties	Financial asset at FVTPL (RMB)	Increase / (Decrease) In Fair Value changes (RMB)
+5%	9,365,000	(2,227,000)
0	11,592,000	–
-5%	15,193,000	3,601,000

Percentage change in discount estimated in determining the deemed revenue of unsold properties	Financial asset at FVTPL (RMB)	Increase / (Decrease) In Fair Value changes (RMB)
+5%	8,082,000	(3,510,000)
0	11,592,000	–
-5%	15,707,000	4,115,000

FY2015

Percentage change in selling price	Financial asset at FVTPL (RMB)	Increase / (Decrease) In Fair Value changes (RMB)
+5%	23,903,000	4,589,000
0	19,314,000	–
-5%	14,725,000	(4,589,000)

Percentage change in unsold properties	Financial asset at FVTPL (RMB)	Increase / (Decrease) In Fair Value changes (RMB)
+5%	18,884,000	(430,000)
0	19,314,000	–
-5%	20,179,000	865,000

Percentage change in discount estimated in determining the deemed revenue of unsold properties	Financial asset at FVTPL (RMB)	Increase / (Decrease) In Fair Value changes (RMB)
+5%	17,156,000	(2,158,000)
0	19,314,000	–
-5%	21,472,000	2,158,000

(Amounts in thousands of Chinese Renminbi ("RMB"))

11. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Classification:

As at 31 December 2016, both the other investment (Note 10) and the financial asset at FVTPL collectively representing the Group's rights to receive cash under the Yi Feng Contract, are classified as current assets. This is because the Group expects to realise this investment within the next financial year, as the Group has started negotiations on a plan to acquire a prospecting right over an iron ore mine project situated in South Africa which is to be satisfied by transferring the rights under the Yi Feng Contract.

Subsequent to the reporting period, the Group entered into conditional sale and purchase agreement for the above transaction as disclosed in Note 2B. The fair value of the mining interest to be acquired in exchange approximates the fair value of the Group's rights under Yi Feng Contract.

12. COMPLETED PROPERTIES FOR SALE

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
At cost	74,138	86,737
Less: Accumulated impairment loss	(7,157)	(13,033)
	66,981	73,704
Carrying amount represent:		
Basement units	1,170	–
Commercial units	6,998	4,973
Residential units	58,813	68,731
	66,981	73,704

The cost of completed properties recognised as expenses and included in "cost of sales" amounted to RMB 12,598,000 (2015: RMB 13,242,000).

Movement of impairment loss on completed properties for sale:

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Balance at beginning of the year	13,033	6,582
Charge for the year (Note 28)	–	6,451
Write-back of impairment loss (Note 27)	(5,876)	–
Balance at end of the year	7,157	13,033

(Amounts in thousands of Chinese Renminbi ("RMB"))

12. COMPLETED PROPERTIES FOR SALE (Continued)

Accumulated impairment loss at the end of the year represents:

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Basement units	7,157	9,591
Commercial units	–	3,442
	7,157	13,033

<u>2016</u>

During the financial year ended 31 December 2016, the Group has recognised a reversal of write-down totaling RMB 5,876,000 arising from:

(a) Reversal relating to basement units amounting to RMB 2,434,000, based on the actual sales made during the current year; and

(b) Reversal relating to commercial units amounting to RMB 3,442,000, due to the improvement in sales progress for these units during the current year.

<u>2015</u>

The Group provided for impairment loss on the carrying amount of the unsold basement units as the management considers that the net realisable value of such units are insignificant based on the sales track records. The impairment loss recognised on the basement units during the year amounted to RMB 3,009,000.

In addition, the Group also provided impairment loss on the commercial units as the management views that it is highly probable that certain percentage of the total units would remain unsold for an indefinite period of time in view of the past sales records of the Xinxiang Sunny Town Project since its launch in 2008. The impairment loss recognised on the commercial units during the year amounted to RMB 3,442,000.

The details of the completed properties for sale, Xinxiang Sunny Town Project (新乡阳光新城项目) as at 31 December are as follows:

Property and address	**Description**	**Tenure**	**Gross floor area (square metre)**	**Gross floor area (square metre)**
			2016	**2015**
Sunny Town Located at Xinxiang New District, Western District of Xinxiang, Henan Province, the PRC	Residential and Commercial	Residential: 70 years expiring in 2076 Commercial: 40 years expiring in 2046	39,382	46,277

(Amounts in thousands of Chinese Renminbi ("RMB"))

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Advances to staff	56	20	–	–
Other receivables (i) (ii)	18,486	18,006	–	–
Rental deposits (iii)	851	1,420	–	572
Other deposits	241	391	–	–
Prepaid construction costs	56	69	–	–
Prepaid rental (iii)	2,869	2,755	–	–
Other prepayment	13	13	–	–
Prepaid business and related tax	102	386	–	–
	22,674	23,060	–	572
Less: Allowance for impairment – Other receivables				
At beginning of the year	(14,627)	(29,657)	–	–
Reversal of allowance (Note 27)	–	15,030	–	–
At end of the year	(14,627)	(14,627)	–	–
	8,047	8,433	–	572

Notes:

The impairment loss as at 31 December 2016 of RMB 14,627,000 (2015: RMB 14,627,000) comprise the following balance:

(i) Included in the other receivables (gross) as at 31 December 2016 was an amount of RMB 12,038,000 (2015: RMB 12,038,000) in connection with the remaining balance of the disposal of a piece of land located at Xinxiang New District, Western District of Xinxiang City. On 6 May 2014, one of the Company's subsidiaries, Xinxiang Huilong Real Estate Co., Ltd ("Xinxiang"), has entered into a supplementary agreement with the buyer, Xinxiang Hongjing Zhiye Co., Ltd (新乡宏景置业有限公司), wherein the buyer undertake to pay the sum of RMB 27,068,000 regardless whether the title transfer is completed in future amongst others,

(a) the first payment of RMB 10,000,000 shall be payable by 30 June 2015;

(b) the second payment of RMB 10,000,000 shall be payable by 30 September 2015; and

(c) the remaining balance of RMB 7,068,000 shall be payable by 31 December 2015.

During the financial year ended 31 December 2015, an aggregate sum of RMB 15,030,000 was received from the buyer, and a reversal of the impairment loss for the same amount was recognised. However, the buyer did not fully adhere to the instalment payment schedule as stated above, and the management is still in the process of negotiating with the buyer to recover the remaining sum, which may include initiating legal proceeding if necessary. The management is of the view that there remains a significant uncertainty in its collectability, and the remaining balance of RMB 12,038,000 was past due and has been fully impaired. No collection has been received during the current financial year.

(ii) Included in other receivables (gross) is an amount owing from a third party, Henan Luopu Yubo Zhiye Co., Ltd (河南洛浦豫博置业有限公司) of RMB 5,000,000 (2015: RMB 5,000,000) which was claimed and awarded under an arbitration proceeding in 2010, as disclosed in Note 34. Provision for impairment loss as at 31 December 2016 amounted to RMB 2,589,000 (2015: RMB 2,589,000) has been recognised since financial year 2012. No further impairment is considered on the remaining balance of RMB 2,411,000 (2015: RMB 2,411,000) as there is a corresponding liability owing to the same counterparty for the same amount included in other payables (Note 20(i)).

(iii) Included in prepaid rental was an amount of RMB 2,749,000 (2015: RMB 2,696,000) which represents rental paid in advance for the next financial year on the Group's Corporate office located in Beijing as contracted in the lease agreement. The rental deposit paid on this lease was RMB 646,000 (2015: RMB 646,000).

(Amounts in thousands of Chinese Renminbi ("RMB"))

14. AMOUNT DUE FROM / (TO) SUBSIDIARIES (NON-TRADE)

These non-trade balances are unsecured, non-interest bearing and repayable on demand.

15. AMOUNTS DUE FROM / (TO) RELATED PARTIES (NON-TRADE)

	Group and Company	
	2016 RMB'000	2015 RMB'000
Amounts due from related parties [(i)]	500	468
Amounts due to related parties [(ii)]	(520)	(520)

Notes:

(i) Amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

These related parties refer to the entities in which a director of the Company and a close member of his family have controlling financial interest.

(ii) Amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

These related parties refer to the entities jointly controlled by a director of the Company and a close member of his family.

16(a). AMOUNTS DUE FROM JOINT VENTURES (NON-TRADE)

	Group	
	2016 RMB'000	2015 RMB'000
Amount due from joint ventures (non-trade)	9,477	8,636
Deemed contribution in joint ventures (Note 9)	(78)	–
	9,399	8,636
Less: Allowance for impairment		
At beginning of the year	(5,620)	–
Addition	(387)	(5,620)
At end of the year	(6,007)	(5,620)
	3,392	3,016

The above balances are unsecured, non-interest bearing and repayable on demand.

During the financial year, the management performed an impairment test for the amount due from joint ventures in view of the full impairment loss of investment in joint ventures as at 31 December 2016 and 2015 (Note 9). As a result, the Group has recognised an impairment loss against amount due from joint ventures amounting to RMB 387,000 (2015: RMB 5,620,000) (Note 28) during the financial year. The joint venture currently does not have revenue-generating activities. Management is of the view that the carrying amount of RMB 3,392,000 (2015: RMB 3,016,000) as at 31 December 2016 represents present value of estimated future cash flows as there is a corresponding liability owing to same group of counterparty of RMB 1,878,000 (2015: RMB 1,966,000) and the remaining amount of RMB 1,514,000 (2015: RMB 1,050,000) is recoverable from the joint venture after receiving additional contribution from the joint venture partner to match the Group's past contribution.

(Amounts in thousands of Chinese Renminbi ("RMB"))

16(b). AMOUNTS DUE TO JOINT VENTURES (NON-TRADE)

Amounts due to joint ventures are unsecured, non-interest bearing and repayable on demand.

17. AMOUNTS DUE TO JOINT VENTURES PARTNER (NON-TRADE)

Amounts due to joint ventures partner are unsecured, non-interest bearing and repayable on demand.

18. PLEDGED BANK DEPOSITS

The Group has pledged certain deposits to the state owned commercial banks in PRC to secure their grants of mortgage loans to the buyers of the Group's properties. These deposits carry interest rate is 0 to 0.3% (2015: 0% to 0.3%) per annum respectively. The pledged bank deposits will be released upon the issuance of ownership certificates.

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Cash at bank	24,736	24,583	14,985	14,715
Cash on hand	91	87	–	–
Structured deposits [i]	9,580	24,780	–	–
Cash and cash equivalents per consolidated statement of cash flows	34,407	49,450	14,985	14,715

As at 31 December 2016, the Group has cash and cash equivalents placed with banks in the People's Republic of China denominated in Chinese Renminbi ("RMB") amounting to approximately to RMB 15,974,000 (2015: RMB 27,329,000). The RMB is not freely convertible into foreign currencies. Under the People's Republic of China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

Note:

(i) The structured cash deposits pertain to principal-protected short-term investment deposits with a commercial bank in PRC during the financial year ended 31 December 2016 amounting to RMB 9,580,000 (2015: RMB 24,780,000) with a maturity period of less than a month. The entire deposits were denominated in Renminbi and was fully redeemed as at the date of this report and cash transferred to the Group's bank account together with effective interest rates of 2.5% to 3.0% (2015: 3.0% to 3.60%) per annum.

(Amounts in thousands of Chinese Renminbi ("RMB"))

20. ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Other payables				
- Construction cost payable	1,231	1,364	–	–
- Others (i)	4,400	4,900	–	–
Accrued expenses				
- Accrued business and related taxes	719	1,152	–	–
- Other accrued expenses (ii)	1,567	2,310	834	1,005
Deposits				
- Refundable deposits received in advance	413	413	–	–
- Non-refundable deposits received in advance	754	754	–	–
	9,084	10,893	834	1,005

Notes:

(i) Included in other payables is an amount of RMB 2,411,000 (2015: RMB 2,411,000) which represents an amount owing to a third party which can be offset against a receivable amount from the same party that was a subject of an arbitration proceeding as disclosed in Note 13(ii) and Note 34.

(ii) Other accrued expenses of the Group and the Company include directors' fees payable amounting to RMB 197,000 (2015: RMB 188,000).

21. DEFERRED TAX ASSETS / (LIABILITIES)

The followings are the major deferred tax assets / liabilities recognised by the Group, and the movements thereon, during the current financial year prior to offsetting are as follows:

	Deferred tax assets		Deferred tax liabilities	Total
	Unutilised tax losses RMB'000	Impairment on completed properties for sale RMB'000	Other investment (i) RMB'000	RMB'000
At 1.1.2015	–	–	–	–
Charge to profit or loss for the year (Note 31)	1,038	–	(1,038)	–
At 31.12.2015	1,038	–	(1,038)	–
At 1.1.2016	1,038	–	(1,038)	–
Charge to profit or loss for the year (Note 31)	(160)	1,789	160	1,789
At 31.12.2016	878	1,789	(878)	1,789

Note:

(i) Deferred tax liabilities are provided on the taxable temporary differences arising from the fair value gain or loss of financial assets at fair value through profit or loss (Note 11) and accrued interest income (Note 10) of the other investment, which will be taxable upon receipt of the gain, expected to be in early 2018.

(Amounts in thousands of Chinese Renminbi ("RMB"))

21. DEFERRED TAX ASSETS / (LIABILITIES) (Continued)

Unrecognised tax losses

The Group has tax losses of approximately RMB 59,377,000 (2015: RMB 57,717,000) that are available for offset against future taxable profits of the PRC subsidiaries, for which no deferred tax asset is recognised due to uncertainty of its recoverability. Deferred tax asset is recognised on unutilised tax loss to the extent of taxable temporary differences relating to the same taxation authority and the same subsidiary, which will result in taxable amounts against which the unused tax losses can be utilised before they expire.

The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in PRC. The tax losses of the PRC subsidiaries expire by end of 5 years from the losses recorded, as follows:

	Group			
	2016		2015	
	RMB'000	Expiring on	RMB'000	Expiring on
Tax losses arising from financial year of:				
2011	– (i)	– (i)	162	2016
2012	481	2017	1,317 (ii)	2017
2013	10,921	2018	23,123 (ii)	2018
2014	14,563	2019	14,563	2019
2015	17,704	2020	18,552 (ii)	2020
2016	15,708		–	–
	59,377		57,717	

Notes:

(i) Expired during the current financial year.

(ii) Inclusive of unutilised losses of RMB 13,886,000 relating to subsidiaries de-registered during the financial year ended 31 December 2016.

Unrecognised temporary differences relating to investments in subsidiaries

Temporary differences of RMB 83,043,000 (2015: RMB 83,112,000) have not been recognised for the withholding and other taxes that will be payable on the remaining earnings of PRC subsidiaries when remitted to the Company. These undistributed profits are permanently reinvested as any future dividends will be declared out of future profits. The deferred tax liability not recognised for undistributed profits is estimated to be RMB 8,304,000 (2015: RMB 8,311,000). There are no significant undistributed profits of the Group's interest in joint ventures.

(Amounts in thousands of Chinese Renminbi ("RMB"))

22. ISSUED CAPITAL

	Group and Company			
	2016		2015	
	Number of ordinary shares	S$'000	Number of ordinary shares	S$'000
Authorised shares at beginning of the year	62,500,000,000	500,000	500,000,000,000	500,000
Reduction of number of ordinary shares due to share consolidation	–	–	(437,500,000,000) (i)	–
Authorised shares at end of the year	62,500,000,000	500,000	62,500,000,000	500,000

Movements of the issued and paid-up capital of the Group and the Company as follows:

	Group and Company			
	2016		2015	
	Number of ordinary shares (iii)	RMB'000	Number of ordinary shares	RMB'000
Issued and paid-up shares at the beginning of the year	146,700,000	5,897	1,173,600,000 (ii)	5,897
Reduction of number of ordinary shares due to share consolidation	–	–	(1,026,900,000) (i)	–
At the end of the year	146,700,000	5,897	146,700,000 (iii)	5,897

The holders of the ordinary shares (except treasury shares) are entitled to receive dividend as and when declared by the Company.

All ordinary shares carry one vote per share without restrictions.

Notes:

(i) As announced by the Company on 21 September 2015, the Company completed a share consolidation of every 8 existing issued ordinary shares of S$ 0.001 each into 1 consolidated ordinary share of S$0.008 each in the share capital of the Company (including treasury shares) ("the Share Consolidation"). As at 31 December 2015, following the completion of the Share Consolidation, the Company has consolidated 1,173,600,000 or RMB5,897,000 of issued and paid-up share capital (including 92,000 treasury shares) into 146,700,000 or RMB5,897,000 consolidated shares (including 11,500 treasury shares). The Share Consolidation had no impact on the dollar value of the issued and paid-up share capital of the Company.

(ii) Inclusive of 92,000 treasury shares (Note 24).

(iii) Inclusive of 11,500 treasury shares after share consolidation (Note 24).

(Amounts in thousands of Chinese Renminbi ("RMB"))

23. SHARE PREMIUM

	Group and Company	
	2016	2015
	RMB'000	RMB'000
At the beginning and end of the year (i) (ii) (iii)	224,594	224,594

Notes:

(i) Share premium of RMB 204,521,000 arose from the issue of shares pursuant to its initial public offer on SGX-ST.

(ii) Share premium of RMB 19,573,000 arose from the issue of 146,000,000 ordinary shares at an issue price of S$0.09 for the acquisition of Climbing Ace Limited and its subsidiaries in the financial year ended 31 December 2008.

(iii) Share premium of RMB 500,000 arose from the issue of 195,600,000 ordinary shares at an issue price of S$0.063 per share pursuant to a private share placement.

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

24. TREASURY SHARES

	Group and Company			
	2016		2015	
	Number of ordinary shares	RMB'000	Number of ordinary shares	RMB'000
At the beginning of the year	11,500	18	92,000	18
Reduction of number of ordinary shares due to share consolidation (Note 22)	–	–	(80,500)	–
At the end of the year	11,500	18	11,500	18

Treasury shares relate to ordinary shares of the Company that is held by the Company.

25. DISTRIBUTABLE RESERVE

	Group and Company	
	2016	2015
	RMB'000	RMB'000
At the beginning and end of the year	267,600	267,600

The distribution reserve is in connection to the surplus arising from the Capital Reduction carried out in 2013.

(Amounts in thousands of Chinese Renminbi ("RMB"))

26. REVENUE

	Group	
	2016	2015
	RMB'000	RMB'000
Sales of completed properties	16,445	17,138

27. OTHER INCOME

	Group	
	2016	2015
	RMB'000	RMB'000
Fair value gain on financial asset at fair value through profit or loss – derivative financial instruments (Note 11)	–	3,606
Foreign exchange gain, net	1,290	6,249
Reversal of allowance on impairment on other receivables (Note 13 (i))	–	15,030
Gain on disposal of subsidiary (Note 8)	5,571	–
Write-back of impairment on completed properties for sales (Note 12)	5,876	–
Others	51	7
	12,788	24,892

28. OTHER EXPENSES

	Group	
	2016	2015
	RMB'000	RMB'000
Loss on disposal of property, plant and equipment	160	–
Fair value loss on financial asset at fair value through profit or loss – derivative financial instruments (Note 11)	7,722	–
Impairment loss on investment in joint ventures (Note 9)	–	16,016
Impairment loss on completed properties for sale (Note 12)	–	6,451
Impairment loss on amount due from joint ventures (Note 16(a))	387	5,620
Reinstatement cost	207	–
Others	50	–
	8,526	28,087

(Amounts in thousands of Chinese Renminbi ("RMB"))

29. FINANCE INCOME

	Group	
	2016 RMB'000	2015 RMB'000
Interest income – bank balance and structured deposit	233	1,415
Accretion of interest income on other investment (Note 10)	7,078	548
	7,311	1,963

30. LOSS BEFORE TAX

In additional to those information disclosed elsewhere in the financial statements, this item is also determined after charging / (crediting) the following:

	Group	
	2016 RMB'000	2015 RMB'000
Directors' remuneration and fees:		
- Paid to directors of the Company	2,930	3,912
Staff costs (including Directors' remuneration and fees)		
- Short-term benefits	10,096	15,080
- Post-employment benefits: defined contribution	783	905
Audit fees:		
- Paid to auditors of the company	871	1,038
Other auditors' fees	11	13
Depreciation of property, plant and equipment (Note 6)	2,354	2,567
Entertainment expenses	2,439	5,203
Legal and professional fees	1,559	6,539
Operating lease expenses	3,709	5,468
Cost of completed properties for sale recognised as cost of sales	12,598	13,242
Amortisation of land use rights (Note 7)	2	2
Loss on disposal of property, plant and equipment	160	–
Fair value loss / (gain) on derivative financial instruments (Note 11)	7,722	(3,606)
Foreign exchange gain, net	(1,290)	(6,249)
Accretion of interest income on other investment (Note 10)	(7,078)	(548)
Reversal of allowance on impairment on other receivables (Note 13 (i))	–	(15,030)
Impairment loss on investment in joint ventures (Note 9)	–	16,016
Impairment loss on completed properties for sale (Note 12)	–	6,451
Write-back of impairment on completed properties for sales (Note 12)	(5,876)	–
Impairment loss on amount due from joint ventures (Note 16(a))	387	5,620
Gain on disposal of a subsidiary	(5,571)	–

(Amounts in thousands of Chinese Renminbi ("RMB"))

31. TAX (CREDIT) / EXPENSE

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Deferred tax credit (Note 21)		
- Original and reversal of temporary differences	(1,789)	–
Corporate income tax [(i)]		
- Current year	(376)	(418)
Land appreciation tax [(ii)]		
- Current year	(124)	507
Current tax (credit) / expense	(500)	89
Tax (credit) / expense	(2,289)	89

Notes:

Taxation of the Group comprises corporate income tax and land appreciation tax in the PRC.

(i) Corporate income tax is provided at the applicable income tax rate, subsidiaries of the Company established in the PRC are subject to the income tax rate of 25% (2015: 25%) of their assessable profits. The Singapore subsidiary are subject to an applicable tax rate of 17% (2015: 17%). The Company and certain subsidiaries operate from tax-free jurisdictions.

(ii) Under the provisional rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including all finance costs and all property development expenditures. There were certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such exemption.

Henan Provincial Tax Bureau ("HPTB") issued a Circular YuDiShuiFa [2010] No.28 ("Circular 28") on 1 May 2010 to follow through Circular 91 of the State Administration of Taxation ("SAT"), and clarified the land appreciation tax administration in Henan Province, post Circular 91, from 1 May 2009 onwards. Under Circular 28, those property developers that have been approved by the tax bureau, prior to 1 May 2010, to settle the final land appreciation tax by a deemed-gain method should be allowed to apply this method for their land appreciation tax final settlement upon the approval by the in-charge tax bureau. The HPTB has also adjusted the deemed-gain rates to be a range from 1.5% to 4.5%, depending on the nature of transactions.

The tax expense for the year can be reconciled to the loss before tax as follows:

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Loss before tax	(13,253)	(42,924)
Taxation at the PRC corporate income tax rate of 25% (2015: 25%)	(3,313)	(10,731)
Effect of different tax rates in other countries or in tax-free jurisdiction	(220)	5,584
Effect of land appreciation tax	(94)	380
Effect of expenses not deductible for tax purpose	669	2,726
Effect of income not taxable for tax purpose	(1,469)	(3,854)
Recognition of deferred tax assets previously not recognised	(1,789)	–
Deferred tax assets not recognised on tax losses	3,927	5,984
Tax (credit) / expense for the year	(2,289)	89

(Amounts in thousands of Chinese Renminbi ("RMB"))

32. LOSS PER SHARE

	Group	
	2016	2015
	RMB'000	RMB'000
Loss attributable to equity holders of the Company (RMB'000)	(10,964)	(43,013)
Weighted average number of ordinary shares outstanding (excluding 11,500 treasury shares) for basic loss per shares ('000)		
- Issued ordinary shares at 1 January	146,689	1,173,508
- Effect of share consolidation [(i)]	–	(1,026,819)
	146,689	146,689
Basic and diluted [(ii)] loss per share		
- RMB cents	(7.47)	(29.32)
- SGD cents [(iii)]	(1.55)	(6.46)

Notes:

(i) As disclosed in Note 22, during the financial year ended 31 December 2015, the ordinary share capital was consolidated on 8:1 basis (including 11,500 treasury shares), therefore, it has led to the number of share in issue being reduced by a factor of 8.

(ii) The Company has no dilutive potential ordinary shares for the financial year ended 31 December 2016 and 2015 and there was no ordinary share that may be issued upon the exercise of any share option outstanding as at 31 December 2016 (31 December 2015: Nil).

(iii) Calculated based on average exchange rate of S$1: RMB 4.81 (2015: RMB 4.54).

33. CONTINGENT LIABILITIES AND COMMITMENTS

(i) Financial guarantees

The Group entered into guarantees in favour of its banks to secure their grants of loans to certain buyers of the Group's properties. As at 31 December 2016, the notional amount of the guarantees amounted to approximately RMB 111,805,000 (2015: RMB 136,582,000).

The Group arranges with various domestic banks in the PRC to provide loans and mortgage facilities to the properties' purchasers prior to completion. In line with some consumer banking practices in the PRC, these banks require the Group to provide guarantees in respect of these loans including the principal, interest and other incidental costs, should the purchasers defaulted their mortgage obligations. The Group provides guarantees on the condition that the purchasers pay a down payment of between 30% to 50% of the purchase price. In the event that the purchasers default in the repayment of the loan to the banks and the proceeds of the disposal of the properties is inadequate to repay the mortgage loan, the Group is required to reimburse the banks for such shortfall. These guarantees provided by the Group to the banks would be released upon the banks receiving the building ownership certificates of the properties as a pledge for security to the mortgage loans granted expected to be around 1 to 2 years. The Group has pledged the bank balances at amount of RMB 6,226,000 (2015: RMB 7,308,000) to secure their grants of mortgage loans to the purchasers of the Group's properties (Note 18). No adjustment to the consolidated financial statements was required to recognise the financial guarantee liability as the fair value of the financial guarantees was not expected to be material.

(Amounts in thousands of Chinese Renminbi ("RMB"))

33. CONTINGENT LIABILITIES AND COMMITMENTS

(ii) Non-cancellable operating lease commitments

The Group as lessee:

At the end of the reporting date, the Group has outstanding commitments under operating leases, which fall due as follows:

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Future minimum lease payments		
- Not later than 1 year	3,630	3,544
- Later than 1 year and not later than 5 years	13,399	11,464
- Later than 5 years	–	2,941
	17,029	17,949

Out of the above lease commitments, RMB 14,099,000 relates to the lease of the Group's corporate office in Beijing which carries an accelerated lease of 2% increase per annum. The lease can only be cancelled with the lessor's agreement.

34. ARBITRATION PROCEEDINGS

In 2009, the Group has initiated an arbitration proceeding with a third party, Henan Luopu Yubo Zhiye Co., Ltd (河南洛浦豫博置业有限公司), in relation to one of its development project in 2008. The Group seeks to recover its prepaid construction cost amounting to RMB 5,000,000 (Note 13) upon the termination of the project which is included in the balance of other receivables, deposits and prepayments as at 31 December 2012. Also, included in the consolidated statement of financial position was an amount owing to the same third party relating to their portion of the invested capital in a joint venture company previously set up and subsequently dissolved, amounting to RMB 2,411,000 (2015: RMB 2,411,000). An arbitration award was obtained on September 2010 in favour of the Group, such that the Group will be compensated accordingly for the construction cost prepaid, with interest. However, the Group encountered difficulties and delay in the proceedings in auctioning off the properties of the third party. As a result, an impairment loss of RMB 2,589,000 has been recognised in 2012 due to the uncertainty of the recoverability of the prepaid construction costs, net of the amounts owing to the counter party. There are no significant developments in current financial year and the Group is still in discussion with the relevant authorities and parties involved to recover the investment.

35. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chairman of the Group, who is the chief operating decision maker, in order to allocate resources to the segments and to assess their performance. Information reported to the chief operating decision maker has only two types of information, either commercial and residential property development or investment in mining, as the chief operating decision maker allocate resources and assess its performance based on these two categories.

Information report to the Group's Chairman for the purpose of resource allocation and assessment of performance is focused on two operating divisions - commercial and residential property development and investment in mining.

(Amounts in thousands of Chinese Renminbi ("RMB"))

35. SEGMENT INFORMATION (Continued)

Principal activities are as follows:

(i) Commercial and residential property development

Development of commercial and residential properties for sale.

(ii) Mining

Investment in mining business for capital gain or future dividend income.

(iii) Investment

The Investments segment is the investment holding arm for various entities not within the Mining and Property Development segments, which includes unallocated corporate functions and restructuring activities. Treasury investment activities, mainly investment in Yi Feng Project (Note 10 to 11) are also included in this segment

(i) Segment revenues and results

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

Group	Mining	Commercial and residential property development	Investment	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2016				
Segment revenue from external customers	–	16,445	–	16,445
Segment (loss) / profit, representing (loss) / profit before tax	(465)	4,251	(17,039)	(13,253)
Tax credit				2,289
Loss for the year				(10,964)
2015				
Segment revenue from external customers	–	17,138	–	17,138
Segment (loss) / profit, representing (loss) / profit before tax	(22,120)	7,414	(28,218)	(42,924)
Tax expenses				(89)
Loss for the year				(43,013)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3.

(Amounts in thousands of Chinese Renminbi ("RMB"))

35. SEGMENT INFORMATION (Continued)

(ii) Segment assets and liabilities

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

Group	Mining	Commercial and residential property development	Investment	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2016				
Segment assets	3,392	84,315	106,712	194,419
Consolidated segment assets				194,419
Segment liabilities	(1,889)	(81,800)	(5,374)	(89,063)
Consolidated segment liabilities				(89,063)
2015				
Segment assets	3,016	86,451	129,052	218,519
Consolidated segment assets				218,519
Segment liabilities	(1,977)	(88,808)	(11,414)	(102,199)
Consolidated segment liabilities				(102,199)

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets attributable to each segment.

(Amounts in thousands of Chinese Renminbi ("RMB"))

35. SEGMENT INFORMATION (Continued)

(iii) Other segment information

	Mining RMB'000	Commercial and residential property development RMB'000	Investment RMB'000	Total RMB'000
2016				
Amounts included in the measure of segment assets:				
Additions to property, plant and equipment	–	12	88	100
Financial asset at fair value through profit or loss	–	–	11,592	11,592
Other investment	–	–	56,918	56,918
Amounts included in the measure of segment loss:				
Depreciation of property, plant and equipment	–	125	2,229	2,354
Write-back of impairment on completed properties for sale	–	(5,876)	–	(5,876)
Impairment loss on amount due from joint ventures	387	–	–	387
Share of losses of joint ventures by the equity method	78	–	–	78
Accretion of interest income on other investment	–	–	(7,078)	(7,078)
Fair value loss on financial asset at fair value through profit or loss	–	–	7,722	7,722
Interest income	–	(37)	(196)	(233)

(Amounts in thousands of Chinese Renminbi ("RMB"))

35. SEGMENT INFORMATION (Continued)

(iii) Other segment information (Continued)

	Mining RMB'000	Commercial and residential property development RMB'000	Investment RMB'000	Total RMB'000
2015				
Amounts included in the measure of segment assets:				
Additions to property, plant and equipment	–	14	866	880
Financial asset at fair value through profit or loss	–	–	19,314	19,314
Other investment	–	–	49,840	49,840
Amounts included in the measure of segment loss:				
Depreciation of property, plant and equipment	–	124	2,443	2,567
Impairment loss on completed properties for sale	–	6,451	–	6,451
Impairment loss on investment in joint ventures	16,016	–	–	16,016
Impairment loss on amount due from joint ventures	5,620	–	–	5,620
Share of losses of joint ventures by the equity method	484	–	–	484
Write-back of allowance on impairment of other receivables	–	(15,030)	–	(15,030)
Accretion of interest income on other investment	–	–	(548)	(548)
Fair value gain on financial asset at fair value through profit or loss	–	–	(3,606)	(3,606)
Interest income	–	(35)	(1,380)	(1,415)

(iv) Information about geographical areas

All Group's revenue and non-current assets are attributable in the PRC.

36. SUBSEQUENT EVENT

As announced on 28 March 2017, the Company entered into a conditional Sale and Purchase agreement with Sino-Africa Mining International Limited to acquire an interest in an iron ore mine located in the Thabazimbi, South Africa (refer to Note 2B for details on the Proposed Investment).

STATISTICS OF SHAREHOLDINGS

As at 21 March 2017

Issued and fully paid capital	:	S$1,173,508 (equivalent to about RMB5,897,000)
Number of shares	:	146,700,000 (including treasury shares)
Number of issued shares	:	146,688,500 (excluding treasury shares)
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of treasury shares	:	11,500

DISTRIBUTION OF SHAREHOLDINGS AS AT 21 MARCH 2017

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	21	1.41	963	0.00
100 - 1,000	364	24.45	171,500	0.12
1,001 - 10,000	812	54.53	2,803,449	1.91
10,001 - 1,000,000	280	18.80	10,544,860	7.19
1,000,001 and above	12	0.81	133,179,228	90.78
Total	**1,489**	**100.00**	**146,700,000**	**100.00**

LIST OF 20 LARGEST SHAREHOLDERS AS AT 21 MARCH 2017

NO.	NAME	NO OF SHARES	PERCENTAGE (%)
1	MAYBANK KIM ENG SECS PTE LTD	44,778,500	30.52
2	GLOSSMEI LIMITED	18,250,000	12.44
3	GUO YINGHUI	17,985,000	12.26
4	KGI SECURITIES (SINGAPORE) PTE LTD	14,560,005	9.93
5	PHILLIP SECURITIES PTE LTD	13,557,599	9.24
6	HSBC (SINGAPORE) NOMS PTE LTD	8,326,175	5.68
7	UOB KAY HIAN PTE LTD	6,202,875	4.23
8	DBS VICKERS SECS (S) PTE LTD	3,203,137	2.18
9	RAFFLES NOMINEES (PTE) LTD	2,117,312	1.44
10	WANG HAIYAN	1,763,250	1.20
11	CITIBANK NOMS S'PORE PTE LTD	1,236,125	0.84
12	OCBC SECURITIES PRIVATE LTD	1,199,250	0.82
13	LI SHI	525,012	0.36
14	TEE WEE SIEN (ZHENG WEIXIAN)	492,875	0.34
15	DB NOMINEES (S) PTE LTD	462,500	0.32
16	CHAN HOCK LYE	275,375	0.19
17	TENG BENG CHYE	255,875	0.17
18	ANG KIM CHUAN	250,000	0.17
19	YAP THIAM JOO	244,000	0.17
20	SIOW KWONG THYE	200,000	0.14
	TOTAL	**135,884,865**	**92.64**

STATISTICS OF SHAREHOLDINGS

As at 21 March 2017

SUBSTANTIAL SHAREHOLDERS AS AT 21 MARCH 2017

	Number of Shares fully paid			
Name of Substantial Shareholders	**Direct Interest**	**%** (1)	**Deemed Interest**	**%** (1)
Guo Yinghui	17,985,000	12.26	32,240,000 (2)	21.98
Glossmei Limited	18,250,000	12.44	0	0.00
China Focus International Limited (3)	17,680,000	12.05	0	0.00
Han Yong (4)	7,669,537	5.23	0	0.00
Ample Scenery Investments Limited (5)	10,530,463	7.18	0	0.00
Feng Li	14,560,000	9.93	35,665,000 (6)	24.31

Notes:

(1) Based on the issued share capital of 146,688,500 shares (excluding 11,500 treasury shares).

(2) Mr Guo Yinghui is deemed to be interested in the 14,560,000 shares held by his spouse, Mdm Feng Li, whose shares are registered in the name of KGI Securities (Singapore) Pte Ltd and the 17,680,000 shares held by China Focus International Limited.

(3) China Focus International Limited is an investment company incorporated in the British Virgin Islands, with Mr Guo Yinghui and Mdm Feng Li as its Directors, and its shares are equally held by them. Mr Guo Yinghui and Mdm Feng Li are therefore deemed to be interested in the shares held by China Focus International Limited. The shares of China Focus International Limited are registered in the name of Maybank Kim Eng Securities Pte Ltd.

(4) Shares of Mr Han Yong are registered in the name of Maybank Kim Eng Securities Pte Ltd.

(5) Shares of Ample Scenery Investments Limited are registered in the name of Maybank Kim Eng Securities Pte Ltd.

(6) Mdm Feng Li is deemed to be interested in the 17,985,000 shares held by her spouse, Mr Guo Yinghui and the 17,680,000 shares held by China Focus International Limited.

PUBLIC FLOAT

Based on information available to the Company as at 21 March 2017, approximately 40.04% of the issued ordinary shares (excluding treasury shares) of the Company are held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of China Mining International Limited will be held at Furama Riverfront Hotel, Jupiter III, level 3, 405 Havelock Road, Singapore 169633 on Wednesday, 26 April 2017 at 4 p.m. to transact the following businesses:

Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Directors' Statement and Report of the Auditors thereon. **(Resolution 1)**

2. To approve payment of Directors' Fee of S$200,000 (2016: S$200,000) for the year ending 31 December 2017. **(Resolution 2)**

3. To re-appoint Crowe Horwath First Trust LLP as Auditors of the Company and to authorize the Directors to re-negotiate and agree on their remuneration. **(Resolution 3)**

As Special Business

To consider, and if thought fit, to pass the following Ordinary Resolutions (with or without amendments): -

4. **Authority to allot and issue shares**

"That pursuant to Section 161 of the Companies Act, Cap. 50, and the Listing Manual of the Singapore Exchange Securities ("SGX-ST"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

(a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that:

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed twenty per cent (20%) of the total number of issued shares excluding treasury shares, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities, or

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

(c) Notwithstanding the share issue limit of not more than fifty per centum (50%) of the total number of issued shares (excluding treasury shares) of the Company (the " Rights Issue Limit") set out in sub-paragraph (a) above, and subject always to any applicable regulations as may be prescribed by the SGX-ST, the Rights Issue Limit and the authority accorded for the Rights Issue Limit thereunder, shall be increased to 100% of the total number of issued shares (excluding treasury shares) of the Company (the "Enhanced Rights Issue Limit") (as calculated in accordance with sub-paragraph (b) above) for such purpose, on such renounceable basis and on such other conditions as may be prescribed in Practice Note 8.3 of the Listing Manual (as such Practice Note may be amended, varied, supplemented or replaced from time to time).

(Resolution 4)
(See Explanatory Note 1)

5. **Renewal of the Share Buyback Mandate**

"That:

(a) for the purposes of the Listing Manual of the SGX-ST, the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the issued ordinary shares fully paid in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), during the Relevant Period or within any one financial year of the Company, whichever is the earlier, at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchase(s) ("**Market Purchase**"), transacted on the SGX-ST through Quest-ST or, as the case may be, any other stock exchange on which the Shares may for the time being listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchase(s) ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Cayman Companies Law and the Listing Rules;

(the "**Share Buyback Mandate**")

(b) the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from passing of this Resolution and expiring on the earlier of:

(i) the conclusion of the next Annual General Meeting of the Company ("**AGM**") or the date by which such AGM is required by law or the Articles of Association of the Company to be held;

(ii) the date on which the purchases or acquistions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by ordinary resolution of the Company in general meeting;

(c) in this Resolution:

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price;

(ii) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price, where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-Market Day period;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Prescribed Limit**" means the number of issued Shares representing ten per cent (10%) of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of its share capital of the Company in accordance with the applicable provisions of the Cayman Companies Law, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company shall be taken to be amount of the issued ordinary share capital of the Company as altered; and

"**Relevant Period**" means the period commencing from the date on which the last EGM is held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transaction contemplated by this Resolution. **(Resolution 5)**
(See Explanatory Note 2)

Any Other Business

6. To transact any other business which may be properly transacted at an Annual General Meeting.

By Order of the Board

Foo Soon Soo
Yeo Tze Khern
Joint Company Secretaries

10 April 2017

Explanatory Notes: -

1. Resolution 4, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may issue under this Resolution would not exceed the Rights Share Issue Limit, i.e. 50% of the total number of issued shares (excluding treasury shares) of the Company at the time of the passing of this Resolution, or the Enhanced Rights Share Issue Limit, i.e. 100% of the total number of issued shares (excluding treasury shares) of the Company at the time of the passing of this Resolution where the Company meets the requirements for such Enhanced Rights Issue Limit prescribed in Practice Note 8.3 of the Listing Manual. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company. The aggregate number of shares which may be issued shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time that Ordinary Resolution 4 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

2. Resolution 5 if passed, will renew the Share Buyback Mandate and will authorise the Directors to purchase or otherwise acquire Shares on the terms and subject to the conditions of the Resolution. The rationale for, the authority and limitation on, the sources of funds to be used and the illustrative financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate based on the audited accounts of the Company and the Group for the financial year ended 31 December 2016 and certain assumptions are set out in greater detail in the Appendix enclosed together with the Annual Report.

Notes:-

1. A Member of the Company (other than the Central Depository (Pte) Limited ("CDP")) entitled to attend and vote at the above meeting and who is holder of two or more shares shall be entitled to appoint not more than two proxies to attend and vote in his stead by completing and signing the Member Proxy Form. A proxy need not be a member of the Company.

2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing; or if such appointer is a corporation under its common seal, if any, and, if none, then under the hand of some officer duly authorised in the behalf.

3. An individual Depositor whose name is shown in the records of the CDP as at a time not earlier than 72 hours, may attend as a CDP's proxy and shall not be required to lodge any proxy form. A Depositor may appoint a nominee(s) to attend and vote in his stead by completing and signing the Depositor Proxy Form. Where a Depositor(s) is a corporation and wishes to be represented at the Meeting, it must nominate an appointee(s) to attend and vote as a proxy for CDP at the Meeting in respect of the number of the Depositor(s) Shares.

4. In the case where an instrument of proxy appoints more than one proxy (including the case when a Depositor Proxy Form is used), the proportion of the shareholding concerned (expressed of as a percentage of the whole) to be represented by each proxy shall be specified in the Instrument of proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

5. The Member Proxy Form and Depositor Proxy Form must be lodged at the office of the Company's Singapore Share Transfer Agent, KCK CorpServe Pte. Ltd. at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721, not less than forty-eight (48) hours before the Meeting.

Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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CMI 中矿国际有限公司

CHINA MINING INTERNATIONAL LIMITED