中矿国际有限公司

CHINA MINING INTERNATIONAL LIMITED

ANNUAL REPORT 2017

ANNUAL REPORT 2017

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CHAIRMAN'S MESSAGE

GUO YING HUI
CHAIRMAN

On behalf of the Board of Directors, I hereby present the Annual Report of China Mining International Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2017 ("FY2017").

FINANCIAL REVIEW

The Group achieved a revenue of RMB 26.0 million in FY2017, representing an increase of RMB 9.5 million or 58% from that of RMB 16.4 million attained in the financial year ended 31 December 2016 ("FY2016"). The increase was principally attributed to more completed units of higher value being delivered to the buyers in respect of the Xinxiang Sunny Town Project (新乡阳光新城项目).

In line with higher revenue attained in FY2017, the Group registered a higher gross profit of RMB 9.9 million in FY2017 compared to that of RMB 3.8 million in FY2016. A higher gross profit margin of 38% was also attained by the Group in FY2017 compared to that of 23% in FY2016, contributed by more completed units of higher value being delivered to the buyers in FY2017.

In line with our decreased business activities and coupled with our concerted cost-control efforts, our selling and distribution expenses decreased by RMB 1.2 million or 46% from RMB 2.6 million in FY2016 to RMB 1.4 million in FY2017 and our general and administrative expenses decreased by RMB 1.6 million or 6% from RMB 25.9 million in FY2016 to RMB 24.3 million in FY2017.

The Group registered a net loss of RMB 16.0 million in FY2017 compared to a net loss of RMB 11.0 million in FY2016.

Consequence to the above, the cash and bank balances of the Group, comprising mainly short-term investment products placed with local PRC banks, increased by RMB 12.3 million or 35% from RMB 34.4 million as at 31 December 2016 to RMB 46.7 million as at 31 December 2017.

OPERATION REVIEW

The status of the Group's ongoing property development business as at 31 December 2017 is summarised as follows:

The Group's completed properties for sale as at 31 December 2017:	Description	Tenure	Est unsold GFA (sqm)	Book value (RMB million)
Xinxiang Sunny Town Project（新乡阳光新城项目）	Comprised residential and commercial units	Up to 70 years, expiring in 2076	39,718	59.4

With regards to its mining business, the Group had on 17 April 2017 completed its 40.15% investment in Sino Feng Mining International S.àr.l., which wholly-owns Huixin Mining International Pty Limited ("Huixin"); Huixin in turn owns 40% of Aero Wind Properties Pty Limited ("AWP"), which is the holder of a prospecting right in respect of the iron ore mine project situated in Thabazimbi district, Limpopo Province, South Africa.

As for its existing two iron ore mines in China, with the sentiments and demand for iron ores expected to gradually improve in the medium to long-term, the Group will keep them as reserves till the overall macro-economic environment perks up. Iron ore prices have stabilised in the fourth quarter of 2017, in part due to increased demand from China albeit the constraints of supply side reforms and anti-pollution drive by the Chinese Government.

THE PROPOSED REVERSE TAKEOVER TRANSACTION

In respect to the reverse takeover transaction as first announced by the Company on 11 July 2013 and periodically thereafter on its progress, the latest announcement was being made on 30 June 2017 (the "Proposed RTO") to extend the long-stop date to 30 June 2018. The relevant parties are currently still awaiting for certain technical reports to be completed in order to work out possible revised terms to the transaction, 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.

ACKNOWLEDGEMENTS

The year ahead is not without its challenges and to ensure that resources are allocated efficiently within the Group, we regularly review and when necessary, right-size our business units and continue to explore measures to optimise utilisation of our resources efficiently to spur growth and create a better value for Shareholders.

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 years, and I look forward to their continued support in the year ahead and beyond.

Guo Ying Hui
Chairman

BOARD OF DIRECTORS

1 GUO YING HUI
Chairman

2 LI BIN
Chief Executive Officer

3 DONG LING LING
Executive Director

4 LIM HAN BOON
Independent and Non-Executive Director

5 NING JIN CHENG
Independent and Non-Executive Director

6 CHAN SIEW WEI
Independent and Non-Executive Director

1 GUO YING HUI
Chairman

Mr Guo Ying Hui ("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.

2 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.

3 DONG LING LING
Executive Director

Ms Dong Ling Ling ("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 accountant in a property company prior to joing the Group. Ms Dong is responsible for the overall accounting management of the Group.

She graduated with an accounting degree from Henan Caijin University. Her last re-election was on 15 April 2015 and she is due for re-election at the Shareholders' Annual General Meeting to be held on 27 April 2018.

4 LIM HAN BOON
Independent and Non-Executive Director

Mr Lim Han Boon ("Mr Lim") was appointed the Independent and Non-Executive 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 also 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 and he is due for re-election at the Shareholders' Annual General Meeting to be held on 27 April 2018.

BOARD OF DIRECTORS

5 NING JIN CHENG
Independent and Non-Executive Director

Mr Ning Jin Cheng ("Mr Ning") was appointed the Independent and Non-Executive Director of our Group on 9 December 2005. Mr Ning is concurrently appointed as the Independent and Non-Executive 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 Non-Executive 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.

6 CHAN SIEW WEI
Independent and Non-Executive Director

Mr Chan Siew Wei ("Mr Chan") was appointed the Independent and Non-Executive 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.

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

KEY MANAGEMENT

ZHANG XIAO YING

Ms Zhang Xiao Ying ("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. Ms Zhang was the Executive Director of the Group from 16 March 2012 to 15 June 2015 and remains as a General Manager of the Human Resource Department.

Ms Zhang Graduated with Bachelor in Corporate and Logistics Management from the Mining University.

WANG FU MIN

Mr Wang Fu Min ("Mr Wang") was the Executive Director of the Group from 15 June 2015 to 29 January 2018 and remains as general manager of the Group, responsible for the Group's mining projects. 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.

Mr Wang graduated with a Master in mining engineering from Xi'an University of Architecture and Technology.

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.

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

GROUP STRUCTURE

Mining Business

Note:
(1) The Company holds on effective equity interest of 16.06% in Aero Wind Properties Pty Limited. The investment in Sino Feng Mining International S.àr.l. and its subsidaries is classified as "Available-for-sale financial asset" in the Statements of Financial Position (Note 10(a)).

CORPORATE INFORMATION

BOARD OF DIRECTORS

Guo Ying Hui, Chairman and Executive Director
Li Bin, Chief Executive Officer and Executive Director
Dong Ling Ling, Executive Director
Lim Han Boon, Independent Director
Ning Jin Cheng, Independent Director
Chan Siew Wei, Independent Director

JOINT COMPANY SECRETARIES

Foo Soon Soo
Yeo Tze Khern

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

Singapore Office:
8 Temasek Boulevard
Suntec Tower 3
#42-00
Singapore 038988
Tel: +65-6866-3221
Fax: +65-6866-3228

China Office:
China Henan Province, Zhen Zhou City, Jin Shui District, Intersection of Zhong Wang Road and Zheng Guang North Street, Zhong Chuang Building 6-Floor Unit 605
Postal Code 450000
Email: chinamining@chnmining.cn

AUDIT COMMITTEE

Lim Han Boon, Chairman
Ning Jin Cheng
Chan Siew Wei

NOMINATING COMMITTEE

Ning Jin Cheng, Chairman
Lim Han Boon
Guo Ying Hui

REMUNERATION COMMITTEE

Chan Siew Wei, Chairman
Lim Han Boon
Ning Jin Cheng

KEY EXECUTIVES

Zhang Xiao Ying
Wang Fu Min
Yeo Tze Khern

SHARE TRANSFER AGENT'S OFFICE

KCK CorpServe Pte Ltd
333 North Bridge Road
#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: Tan Teck Zhen
Appointed since financial year 2017

PRINCIPAL BANKERS

China Construction Bank Corporation,
Zhengzhou Branch

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

China Mining International Limited (the "Company") is committed to ensuring and maintaining a high standard of corporate governance. This report outlines the Company's corporate governance practices with reference to the Code of Corporate Governance 2012 ("Code"). The Company has complied in all material aspects with the principles and guidelines of the Code as well as compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual's requirements. Where there are deviations from the Code, explanations have been provided. The Company will continue to improve its systems and corporate governance processes in compliance with the Code.

BOARD MATTERS

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. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, taking into consideration of sustainability issues, including setting its strategic direction, establishing goals for management, monitoring the achievement of these goals to enhance shareholders' value and establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets.

The Board recognises that, to ensure the sustainability of the business of the Group, the Group has to identify the key stakeholder groups whose perceptions affect the Group's reputation and strike a balance between its business needs and the needs of the society and the environment in which it operates. The Group publishes a sustainability report which forms part of the Annual Report.

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 judgment, 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.

Please refer to Principles 4 to 5, 7 to 9, 11 and 12 herein for further information on the activities of the NC, RC and AC respectively.

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 FY2017:

	Board	**Audit**	**Remuneration**	**Nominating**
Number of meetings held	**4**	4	1	1
Name of Directors	**Number of meetings attended**			
Guo Ying Hui	4	N.A	N.A.	1
Li Bin	4	N.A.	N.A.	N.A.
Lim Han Boon	3	3	–	–
Ning Jin Cheng	4	4	1	1
Chan Siew Wei	4	4	1	N.A.
Dong Ling Ling	4	N.A.	N.A.	N.A.
Wang Fu Min (1)	4	N.A.	N.A.	N.A.

Note:

(1) Mr Wang Fu Min relinquished as Executive Director with effect from 29 January 2018.

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 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 training 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. Board Briefings and updates provided for Directors in FY2017 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 six members; of whom three are independent.

	Board appointments		**Board committees**		
	Executive Director	**Independent Director**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
Guo Ying Hui (Chairman)	*			Member	
Li Bin	*				
Dong Ling Ling	*				
Wang Fu Min (1)	*				
Lim Han Boon		*	Chairman	Member	Member
Ning Jin Cheng		*	Member	Chairman	Member
Chan Siew Wei		*	Member		Chairman

Note:

(1) Mr Wang Fu Min relinquished as Executive Director with effect from 29 January 2018.

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.

CORPORATE GOVERNANCE REPORT

Following the resignation of Mr Wong Fu Min as Executive Director of the Group on 29 January 2018, the Board remains with six Directors, of which comprise three Executive Directors and three Independent Directors, has fully complied with the Guideline 2.2 of the revised 2012 code of corporate Governance.

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 Ning Jin Cheng and Mr Chan Siew Wei 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.

Mr Lim Han Boon and Mr Ning Jin Cheng, 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 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, taking into account the scope and nature of the operations of the Group and the requirements of the business, to ensure that the Board is of the appropriate size and 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. Collectively as a team, the current Board provides core competencies such as accounting, legal, business and management experience as well as industry knowledge.

Notwithstanding the above, the NC recognises the merits of gender diversity in relation to the composition of the Board and, in identifying candidates for new appointment to the Board, would consider suitable female candidates. Having said that, gender is but one aspect of diversity and new Directors will continue to be selected based on objective criteria set as part of the process for appointment of new Directors. The current Board has 1 female Director out of a total of 6 Directors on the Board.

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 Ying Hui 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 directions 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.

Guidelines 3.3 and 3.4
Lead Independent Director

The Board is of the view that there is a strong independent element on the Board. The Independent Directors form half of the Board. 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, the Independent Directors has failed to resolve or is inappropriate, hence no Lead Independent Director has been appointed.

The Independent Directors meet amongst themselves without the presence of the other Directors, and the Independent Directors will provide feedback to the Chairman of the Board after such meetings.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-election of Directors to the Board.

Guideline 4.1
Nominating Committee

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

Ning Jin Cheng	Chairman	Independent and Non-Executive Director
Lim Han Boon	Member	Independent and Non-Executive Director
Guo Ying Hui	Member	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 affirm 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 Independent 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 alternate 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, 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 NC reviews the Board's performance evaluation criteria and proposes to the Board a set of objective performance criteria that allows for comparison with industry peers and assess how long-term shareholder value is enhanced. Based on the recommendations of the NC, the Board has established processes for assessing the effectiveness of the Board as a whole, its Board Committees and the contribution by each individual Director to the effectiveness of the Board.

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

In the course of the year, the NC had conducted the assessment via a questionnaire which is completed by each Director for the evaluation of the Board and Board Committees. The Company Secretary compiles Directors' responses into a consolidated summary report which was discussed at the NC meeting with a view to implementing certain recommendations to further enhance the effectiveness of the Board.

No external facilitator was used in the evaluation process.

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.

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. Board papers are sent to Directors prior to each Board and Board Committee meeting. 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 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.

Chan Siew Wei	Chairman	Independent and Non-Executive Director
Ning Jin Cheng	Member	Independent and Non-Executive Director
Lim Han Boon	Member	Independent and Non-Executive 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 Non-Executive 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.

Guideline 7.4
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 the 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 prevailing economic situation, the remuneration and employment conditions within the similar industry and with comparable companies.

The Executive Directors have service contracts and they 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.

Executive Directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance and it is aligned with the risk policies of the Company and interests of shareholders and promotes the long-term success of the company.

Guideline 8.2
Long-term Incentive Scheme

There currently no share option scheme in the Group. The RC has reviewed and is satisfied that the existing remuneration structure for Executive Directors and key management personnel for their fixed and variable components to be paid out in cash would continue to be adequate in incentivising performance without being over-excessive.

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 RC considers that the current fee structure adequately compensates the Non-Executive Directors, without over-compensating them as to compromise their independence.

The RC views that it is not appropriate to implement a scheme to encourage Non-Executive Directors to hold shares in the Company when there is no share incentive scheme for both Executive Directors and key management personnel.

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

Remuneration of Directors and the CEO

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 the Directors for the financial year ended 31 December 2017:

Remuneration band and Name	Director's Fee %	Salary %	Bonus %	Other benefits %	Total %
Up to S$ 250,000					
Guo Ying Hui (Chairman)	–	96	–	4	100
Li Bin (also CEO)	–	96	–	4	100
Dong Ling Ling	–	97	–	3	100
Wang Fu Min (1)	–	100	–	–	100
Lim Han Boon	100	–	–	–	100
Ning Jin Cheng	100	–	–	–	100
Chan Siew Wei	100	–	–	–	100

Note:

(1) Mr Wang Fu Min relinquished as Executive Director with effect from 29 January 2018.

The following table shows the remuneration of the top three key executives (who are not Directors or CEO):

Remuneration Band and Name	Salary %	Bonus %	Other benefits %	Total %
Up to S$ 250,000				
Zhang Xiao Ying	97	–	3	100
Wang Fu Min (1)	–	–	–	–
Yeo Tze Khern	87	–	13	100

Note:

(1) Mr Wang Fu Min relinquished as Executive Director with effect from 29 January 2018 and appointed as general manager responsible for the mining operation. Please refer to his breakdown of the annual remuneration in FY2017 as disclosed in the remuneration band of the Directors.

The key management of the Company only comprise three personnel, who are not Directors or the CEO. The aggregate total remuneration paid to the top three key management personnel, amounted to RMB 1.6 million for FY2017.

Guideline 9.4
Immediate Family Members of Directors or the CEO

There were no employees 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 2017.

Guideline 9.5
Employee Share Scheme

The RC is responsible for the administration of the Company's Share Option Scheme. There is 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.

For the year under review, the RC has reviewed the remuneration of Executive Directors, key management personnel in accordance with their performance criteria and recommended them to the Board. The Board has endorsed the RC's recommendations.

The remuneration of the Company's Directors and key management personnel has been formulated to attract, retain and motivate these executives to run the Company successfully. The level and structure of remuneration are aligned with the long-term interests and risk policies of the Company. The Company adopts a remuneration policy for employees comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual. The remuneration policy is aligned with the interests of the shareholders and promotes long-term success of the Group. No remuneration consultants were engaged by the Company in FY2017.

The annual reviews of compensation are carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group.

The performance of the Executive Directors (together with other key management personnel) is reviewed periodically by the RC and the Board. The Independent Directors receive Directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent, as well as the responsibilities and obligations of the Directors. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive and thereby maximise shareholders' value. Directors' fees are recommended by the Board for approval at the Company's AGM. Executive Directors do not receive Directors' fees but are remunerated as members of the management.

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

Management of the Company provides the Board with balanced and understandable accounts of the Group's performance, financial position and business prospects on a quarterly basis. Such reports compare the Group's actual performance against the approved budget and result of the previous quarter. They also specify major issues that are relevant to the Group's performance.

The Board 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 reviews the Group's business and operational activities to identify areas of significant business risk as well as the measures in place to control and mitigate these risks within the Group's policies and business strategies. The risk assessment exercise also includes identifying and assessing key risk areas to the Group such as financial, operational, compliance and information technology risks based on the feedback by the Group's accounts department and external auditors. The Board also oversees the management in implementing the risk management and internal controls system. The Board is also responsible for governance of risk management, and determining the Company's levels of risk tolerance and risk policies. The Board consults with the external auditors and AC to determine the risk tolerance level and corresponding risk policies.

The Board recognised 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.

The AC of the Company has undertaken the role of overseeing the governance of risks in the Group to ensure that the management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

The Group regularly conducts review on the adequacy and effectiveness of the key Group's material internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The review also covers the revenue and cash management; procurement; tenancy management; IT general controls; financial close process; human resource and payroll was thereafter presented to the AC on any material findings.

As part of the external audit plan, the external auditors also reviewed and reported certain key accounting controls relating to financial reporting, covering only selected financial cycles and highlight material findings, if any, to the AC. The AC and the Board review all material findings and the effectiveness of the actions taken by the management on the recommendations made in this respect.

Assurance from CEO and CFO

The Board and the AC have received written assurance from the Executive Directors and the Chief Financial Officer that:

(a) the financial records of the Group have been properly maintained and the financial statements for FY2017 give a true and fair view of the Group's operations and finances; and

(b) the risk management and internal control systems in place within the Group are adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

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 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 2017.

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:

Lim Han Boon	Chairman	Independent and Non-Executive Director
Ning Jin Cheng	Member	Independent and Non-Executive Director
Chan Siew Wei	Member	Independent and Non-Executive 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.

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 external auditor has identified the KAMs and has set out the work it performs to ensure the accounting in respect of the KAMs are in accordance with accounting standards. The AC has considered the appropriateness of the external auditor's work and findings and concurs with the external auditor.

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$ 130,000 (2016: S$ 150,000) and non-audit fees of S$nil (2016: S$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 Company will outsource its internal audit function to an external consultancy firm as and when is needed. With the Proposed RTO still in progress and having regard to the scope and nature of the Company's current operations, the AC and the Board are of the opinion that the current system of internal controls in place are adequate to mitigate normal operational risks. Accordingly, no internal audit had been outsourced for the financial year ended 31 December 2017.

The Group's accounts department handles the internal audit function to 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 Articles of Association, and also the right to appoint 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 meeting 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 AGM and EGM will be advertised in newspapers and announced on SGXNET.

At the annual general meeting, shareholders are given the opportunities to express their views and ask the Board and management questions regarding the operations of the Company. Shareholders will be briefed by the Company on the poll voting procedures at general meetings.

CORPORATE GOVERNANCE REPORT

Guideline 14.3
Proxies for Nominee Companies

The Company's Articles of Association 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 FY2017, no dividend is declared or recommended due to the performance of the Group.

CONDUCT OF SHAREHOLDERS' MEETINGS

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.

Guideline 16.3
Attendance of Chairman of the Board and Board Committees at General Meetings

The members of the Board, chairman of the Board Committees and management 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.

SUSTAINABILITY REPORT

1. SCOPE OF THE REPORT

Our sustainability report covers data and the relevant business activities of China Mining International Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2017 ("FY2017"). The relevant business activities of the Group for FY2017 relate to property development in China, mining investments in China and South Africa as well as the conduct of an administrative office in Singapore.

This report is prepared in accordance with the guidelines under the Global Reporting Initiative ("GRI") G4 Core Option.

2. BOARD'S STATEMENT

The Board of Directors of the Company (the "Board") recognises that a focus on sustainability helps the organisation manages its environmental, social and governance practices ("ESG") and improves its operating efficiency and natural resource stewardship and remains a vital component of shareholder, employee, and stakeholder relations.

The Board and the management are committed to be a responsible corporate citizen in continuing its overall strategy to build on strong foundations and pursue its policy of quality and efficiency for sustainable growth. Through this inaugural report, we will continue to improve our data collection process and make enhancements to our sustainability efforts for the forthcoming years.

3. STAKEHOLDERS' ENGAGEMENT

Gaining our stakeholders' trust and support is fundamental to us building a sustainable business. Stakeholders' engagement is based on an ongoing dialogue that embraces different points of view and allows those views to facilitate informed decision making. This in turn will help the Company to improve and provide a more sustainable decision making process and identify any risks and opportunities for the businesses of the Group.

Key Stakeholders	Communication Approach	Key Priorities
Shareholders	● Annual general meetings ● Extraordinary general meetings ● Quarterly and full year announcements ● SGX announcements ● Press release ● Road-shows	● Shareholders' return ● Accuracy and timeliness of disclosure ● Key developments ● Financial results
Employees	● Management meetings ● Internet, news, emails, phone calls ● Social media (i.e. WeChat) ● Seminars, conferences, forums ● Training & Workshops	● Career development ● Employee welfare ● Complaint processing ● Wages ● Health & safety
Regulatory	● Emails, internet, news, phone calls ● Participate in discussions on formulation of policies, regulations and standards ● Attend seminars and forums ● Roundtable discussions ● Briefing and consultations	● Compliance ● Corporate governance ● Timely disclosure ● Protecting the interest of minority shareholders ● Policies and regulatory update and educations ● Timely submission of corporate documents and annual filings

Key Stakeholders	Communication Approach	Key Priorities
Customers	● Promotion events ● Road-shows ● Newspapers, internet and social media ● Points of sales ● Customers feedback	● Quality of products ● Product knowledge ● Customer satisfaction ● Complaint processing
Business partners	● Contract negotiations ● Regular conferences ● High level meetings ● Routine operation communications	● Fair and ethical business conduct ● Profit sharing ● Project development plans ● Budgets & funding
Suppliers	● Contract negotiations ● Round-table discussions ● Routine communications	● Products & pricing ● Service & product quality ● Timely supply & payment ● Complaint processing

4. MATERIALITY ASSESSMENT

The Board and management identify the material ESG factors by taking into consideration of the relevance of such factors to the business, strategy, business model and key stakeholders of the Group as guided by the GRI reporting framework. The review on material issues will be conducted annually as materiality may evolve over time.

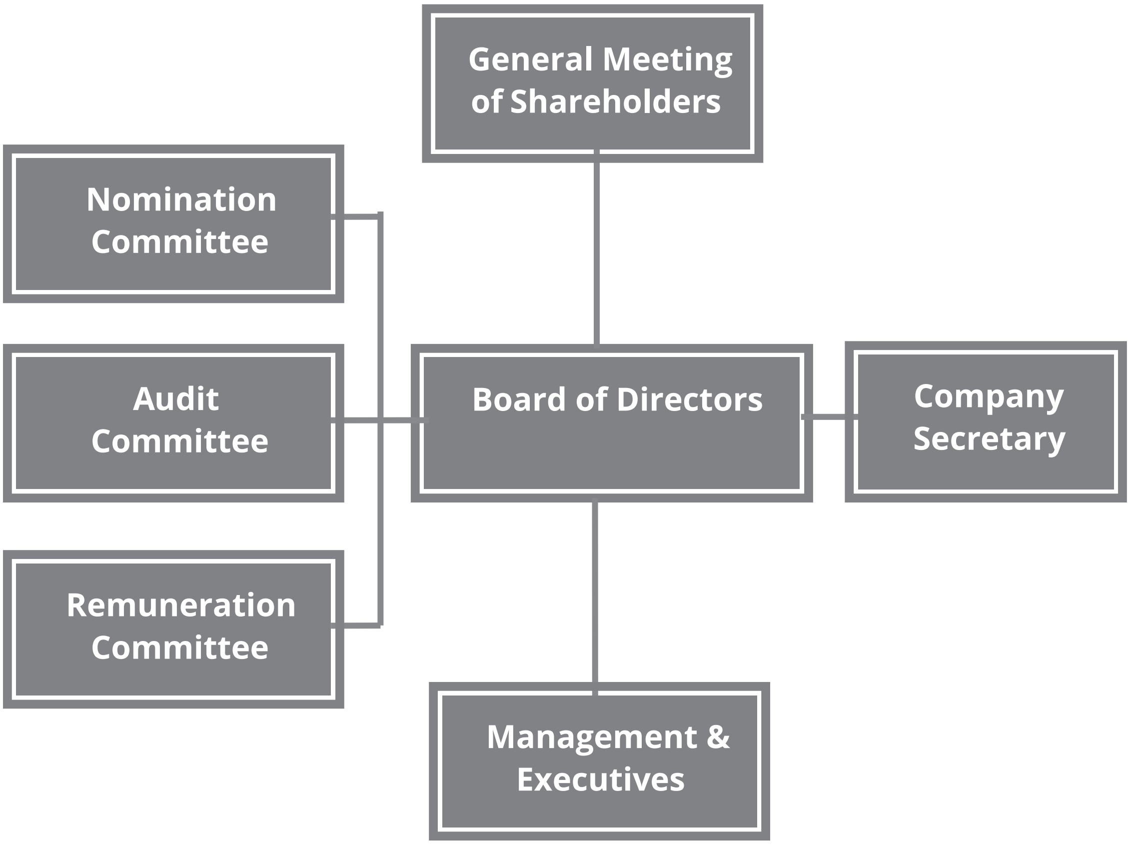
The key material ESG issues that are important to our prevailing business and stakeholders are identified and outlined as follows:

Material ESG Factor	Scope of focus
Governance & Risk Management	● Compliance risks ● Corporate governance practices ● Code of conduct and ethics ● Anti-corruption and bribery ● Whistle-blowing policy
Environment	● Improve energy efficiency ● Make efforts to reduce negative environmental impacts due to operations ● Reduce air pollution ● Waste management
Employees	● Improve employment management system ● Provide employees with equal opportunities ● Provide a healthy and safe working environment ● Provide career development opportunities
Economic Performance	● Financial performance of the Company

SUSTAINABILITY REPORT

4.1 MATERIAL FACTOR – GOVERNANCE AND RISK MANAGEMENT

Believing in the importance of practicing good corporate governance, which is expected to enable the achievement of sustainability targets, enhance of shareholders' value and contribute to the growth of the Group, the Board is committed to uphold a high standard of corporate governance. The Board established its corporate governance structure in accordance with the framework of rules and practices set out by the Singapore Code of Corporate Governance issued by the Monetary Authority of Singapore (the "Code").



4.1.1 COMPLIANCE RISKS

The two key compliance risks facing the Group relate to the corporate governance and geo-political risks.

The Board is responsible for ensuring that the Company has a proper decision-making framework to mitigate the risks of oversight on corporate governance.

In mitigating the geo-political risks in an overseas operation or acquisition, the Company will engage external professionals, including but not limited to lawyers, auditors, industry experts and valuation company, to review and conduct due-diligence on the acquisition target / operation to ensure compliance with the relevant laws and regulations of the respective countries concerned. The terms and conditions of such contractual agreements will be prepared by the lawyers and reviewed by the Board and management prior to acceptance to ensure adherence to internal policies, applicable laws and regulations. In respect of investment in mining assets, the Board will also engage qualified professional firms acceptable by the SGX to issue the relevant geological report and valuation report.

The Group also tracks regulatory developments on a regular basis to ensure that it stays current of such developments and is in compliance with the local laws, standards and / or requirements issued by the relevant local authorities that are applicable to our investment.

The Company Secretary of the Group advises the Board on the latest update in legal and regulatory issues, especially on the Code. Our Cayman Islands' Counsel advises the Board the latest update on the Company Law of Cayman Islands in ensuring the timely submission for the relevant annual filings.

During FY2017, there was no report of fine on any violation of compliance. The Group will continue to work closely with various professional firms and improve its internal corporate governance framework. The Board targets to maintain such zero record on fine.

4.1.2 BOARD OF DIRECTORS

The Board, the highest governing body within the Group, is responsible to help set broad corporation goals, support executive duties and ensure that the Company has adequate, well-managed resources at its disposal in dealing with challenges and issues relating to corporate governance, ESG issues, corporate ethics and risk management.

The Board is appointed to act on behalf of the shareholders of the Company to run the day-to-day business affairs of the Group. The Board is directly accountable to the shareholders of the Company, which will hold an annual general meeting (AGM) every year at which the Board must provide a report to the shareholders on the performance of the Group, its future plans and strategies and have its members submit themselves for re-election to the Board on a rotation basis.

The Board has a total of six Directors, comprising three Executive Directors and three Independent Directors. The Board recognises the merits of gender diversity in relation to the composition of the Board and, in identifying candidates for new appointment to the Board, would consider suitable female candidates. The current Board has 1 female Director out of a total of 6 Directors on the Board.

The Board meet at least four times a year to review and approve the financial results of the Group as well as receive key reports from the senior management and professionals, such as the external auditors and the Company Secretary. Board meetings are also held outside of the routine quarterly meetings to discuss strategies, policies or key activities such as acquisitions or disposals. Please refer to the Corporate Governance Report for further information on the activities of the Board of Directors.

4.1.3 AUDIT COMMITTEE

The Audit Committee ("AC") oversees the financial reporting process, the effectiveness of the Company's internal control and risk management systems, the internal audit, the statutory reporting of the annual report and the external auditor's independence. In FY2017, the AC has three members, all of whom are Independent Directors with two of them residing in Singapore.

The AC meets at least four times a year preceding the Board meetings to review and approve the financial results of the Group and discuss any significant development with the Board. As and when needed, the AC also holds meetings outside the regular quarterly meetings to discuss, among its members and other relevant third parties, on matters including but not limited to key issues brought up by external auditors and other professionals. Please refer to the Corporate Governance Report for further information on the activities of the AC.

4.1.4 REMUNERATION AND NOMINATION COMMITTEE

The Remuneration Committee ("RC") makes proposals to the Board regarding the remuneration policy as well as the individual remuneration of the Directors and members of the senior management while the Nomination Committee ("NC") makes proposals regarding the evaluation and (re-)appointment of Directors.

The Remuneration Committee has three members, all of whom are Independent Directors. The Nominating Committee also has three members, comprising two Independent Directors and one Executive Director. The Remuneration Committee and Nomination Committee meet at least once a year to discuss and recommend the Directors' fee and the composition of the Board members. They may also meet outside the regular meetings as and when the need arises. Please refer to the Corporate Governance Report for further information on the activities of the Board of the RC and NC.

4.1.5 EXTERNAL AUDITOR

The Company has entrusted the external audit of the consolidated accounts of the Group to a professional audit firm registered with the Accounting and Corporate Regulatory Authority of Singapore ("ACRA"). The external auditor conducts such audits in accordance with the International Standards on Auditing ("ISA") and delivers a report which confirms whether the annual accounts and the consolidated financial statements of the Company reflect a true image of its assets, financial condition and results of the Company in accordance with International Financial Reporting Standards ("IFRS"). The AC will investigate and discuss the Key Audit Matters ("KAM") set out in the annual report and any material internal audit issues with the external auditor and with the Board.

4.1.6 CODE OF CONDUCT AND ETHICS FOR EMPLOYEE

The Group's Code of Conduct and Ethics (the "CCE") sets out the highest standards of personal and corporate integrity when dealing with fellow colleagues, external suppliers, customers and government agencies, and serves as a guide to all employees for both legal compliance and appropriate ethical conduct to ensure that decision making is ethically and properly carried out in accordance to the best practices of the Group. The CCE also covers workplace health and safety issues, workplace and business conduct, safeguards of the Group's assets and handling of confidentiality information, conflicts of interest, and compliance with laws and regulations, including whistle blowing policy.

4.1.7 ANTI-CORRUPTION AND BRIBERY

The Board upholds the high standards of ethical business conduct through stepped up promotion in increasing the awareness of anti-corruption and bribery practice within the Group. All employees within the Group are made aware of the serious consequences involving any corruptions or bribery violations.

In addition, the Board is required to declare information on potential conflicts of interest on an annual basis. During FY2017, there was no report of any corruption or legal actions for bribery case within our Group. We will continue to educate and improve the awareness on such issues among the employees. The Board targets to maintain the zero report on corruption and bribery.

4.1.8 WHISTLE-BLOWING POLICY

The Board is committed to conduct its business in a manner that is lawful and ethically responsible and in a way that reflects the Company's values. The Company does not tolerate any unlawful and unethical activity and vows to take appropriate action to ensure compliance with law and safeguarding the interest of all stakeholders.

The Board has implemented whistle-blowing procedures, for the purposes of handling complaints or raising concerns or issues relating to activities or affairs relating to the conduct of any employee, officer or management of the Group on ethical and unlawful behavior and matters related to organizational integrity, via email or phone with direct connection to the Chairman of the AC.

The AC will enquire on matters relating to whistle-blowing and, if any, discuss with the Board at least four times a year during the AC meetings. During FY2017, there were no complaints, concerns or issues relating to whistle-blowing matter within our Group.

4.2 MATERIAL FACTOR – ENVIRONMENT

We conduct our business in a manner that respects the environment whenever possible so as to minimise the Group's environment impact while balancing our business needs. The Company exercises a precautionary approach in managing its environmental impact.

The Group constantly reminds the employees to ensure that they understand and contribute to overall waste management efforts to conserve and reduce resources used in our operations, mainly on electricity, water, papers and renovation materials. In this regard, the Group has minimized the disposal of old furniture by keeping most of the existing furniture when we moved to our new office premises during FY2017. We also made a conscious effort in using environmental friendly materials for the renovation.

As part of our energy conservation efforts, we use energy saving photocopiers and energy-efficient air-conditioner units at our workplace, and encourage employees to turn-off their computers or laptops and the lights during lunch breaks or when no one is using them. We also urge our employees to constantly modify the temperature on the air-conditioner according to the seasons and turn-off when not in use. During FY2017, our electricity consumption was 1,730 kWh per employee per annum. We will continue to monitor and target to reduce the current consumption in the forthcoming years.

Under the paper-saving initiatives, we encourage our employees to utilise emails, social media or internet to transfer insensitive files or documents to reduce printing, and if printing is required, to print it in a tone-saving mode and purchase papers with recycle content or from a sustainable source. We also inform our service providers to email us electronic invoices instead of through mails and couriers.

Our environmental management is an on-going effort, and we will continue to improve ourselves through constantly monitoring the effectiveness of the Group's policies as we work towards achieving a greener footprint. During FY2017, there was no fine or sanction for non-compliance with environmental laws and regulations reported within our Group.

4.3 MATERIAL FACTOR – EMPLOYEES

The Group currently employs 50 employees and recognises that they are our most valuable assets and the key to achieving our long-term business success. We endeavour to create a "zero-injury and accident-free" working environment aimed at promoting a healthy work environment and improving safety in general work conditions. The overall well-being of employees is one of our development priorities. We strive to create a working environment of inclusion, equality and mutual trust as well as a working setting promoting health and safety. We seek to protect employees' rights, care for their well-being and provide a career development platform.

4.3.1 WORKPLACE AND STAFF WELFARE

We have adopted initiatives in creating an engaging and holistic working environment where our employees are able to deliver their best works and also being offered equal opportunities for personal and career developments. These initiatives not only serve to retain our employees but also attract talents to the Group.

We practise fair employment and do not condone any form of discrimination against employees. We also do not tolerate the use of forced or child labour, including bonded labour, indentured labour, slave labour or human trafficking, and the hiring of underage employees. Our human rights management is overseen by the Head of Human Resources and Administration Department, who reports to the Chairman of the Board and makes sure that we adhere to all applicable laws and regulations regarding child and forced labour. During FY2017, there was neither any case of child or forced labour incident or was there any incident of discrimination reported within our Group.

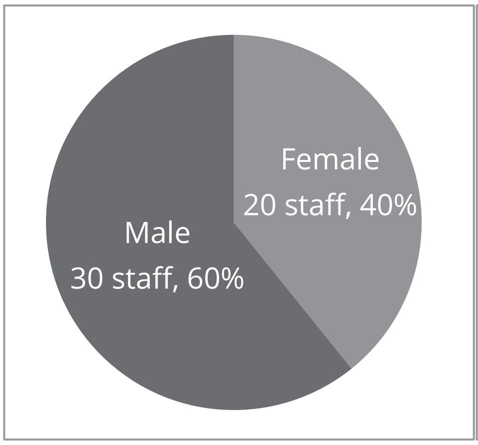
We support work life balance and encourage our employees to balance meaningful careers with their health and family time. The Group also encourages our employees to keep fit and healthy through sporting and recreational activities. These activities allow employees to build up teamwork and enhance the bonding with their colleagues.

During FY2017, there were no reports of any work related injury and accident or any workers with high incidence or high risk of diseases related to their job occupation within our Group. The Group targets to continue to maintain a zero rate of work related injury and accident record.

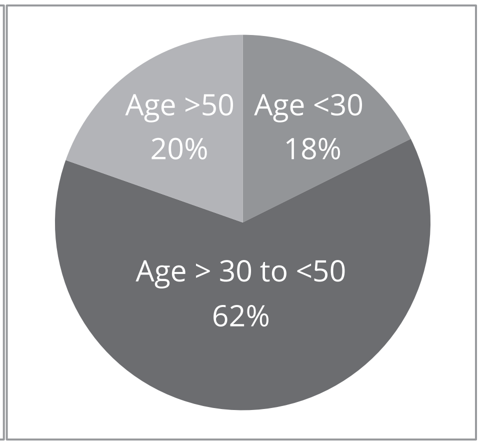
4.3.2 DIVERSITY AND EQUAL OPPORTUNITY

The Group promotes diversity in the workplace and takes steps to ensure that our employees feel included, regardless of their gender, ethnic or nationality, sexual orientation, race, age or religion. We strive to create a working environment free from discrimination of any person for any reason and also provide an equal opportunity to all employees. We seek to ensure that all our staff are evaluated on the basis of personal skills and merits and target to maintain, if not improve, the current diversity of male and female ratio within our Group.

Employee by Gender



Employee by Age Group



4.4 MATERIAL FACTOR – ECONOMIC PERFORMANCE

Please refer to the Group's 2017 Annual Report on page 2 for Financial Review and page 3 for Operation Review.

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 2017 and the statement of financial position of the Company as at 31 December 2017.

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 44 to 106 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 2017 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:

Guo Ying Hui	Chairman and Executive Director
Li Bin	Chief Executive Officer and Executive Director
Dong Ling Ling	Executive Director
Lim Han Boon	Independent and Non-Executive Director
Ning Jin Cheng	Independent and Non-Executive Director
Chan Siew Wei	Independent and Non-Executive 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 2017	At 31 December 2017	At 1 January 2017	At 31 December 2017
Company				
Ordinary shares of S$0.008 each				
Guo Ying Hui	17,985,000	17,985,000	32,240,000[(i)]	32,240,000[(i)]
Li Bin	730,100[(ii)]	730,100[(ii)]	–	–
Dong Ling Ling	554,900[(ii)]	554,900[(ii)]	–	–

Notes:

(i) Mr Guo Ying Hui is deemed to be interested in the 14,560,000 (2016: 14,560,000) shares held by his spouse, Mdm Feng Li and the 17,680,000 (2016: 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 Ying Hui and Mdm Feng Li are its Directors, and its shares are equally held by them.

(ii) The shares of Mr Li Bin and Ms Dong Ling Ling are registered in the name of Philip Securities Pte Ltd.

Mr Guo Ying Hui 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 2018 were the same at 31 December 2017.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2017

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:

Lim Han Boon (Chairman)	Independent Director
Ning Jin Cheng	Independent Director
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 2017 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, the Company has 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 Chief Executive Officer and Executive Director	**DONG LING LING** Executive Director

31 March 2018

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

8 Shenton Way
#05-01 AXA Tower
Singapore 068811
+65 6221 0338
+65 6221 1080 Fax
www.crowehorwath.com.sg

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 44 to 106, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, 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 (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 2017 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 Matters

Key audit matters are matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. The audit matter identified 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 Matters (Continued)

<table>
<tr><td colspan="2">Accounting for acquisition of equity interest in Sino Feng and disposal of Yi Feng Contract
Refer to the following notes to the financial statements
Note 10(a) "Available-for-sale financial asset"
Note 3 (ii)(b), (c) "Critical judgements in applying the entity's accounting policies"</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>In April 2017, the Group acquired 40.15% equity interest in Sino Feng Mining International S.àr.l. (the "Sino Feng"), which is fully satisfied by the transfer of the Group's contractual right of 10% share in the stipulated profit of a property development project in the PRC (the "Yi Feng Contract") with a carrying amount of RMB 70,431,000.

Having considered the Group's extent of influence and power over Sino Feng, management has determined that the investment is most appropriately classified as available-for-sale financial assets. Management has determined that fair value of the unquoted investments cannot be reliably measured and hence, its accounted for at cost, less accumulated impairment. As at 31 December 2017, management has assessed that no provision of impairment is required.

As such, the carrying amounts of the unquoted investment in Sino Feng stood at RMB 70,431,000 as at 31 December 2017 which contributed 36% to the total assets.

The acquisition of equity interest in Sino Feng and disposal of Yi Feng Contract represent a significant transaction, and management judgement is required in determining the appropriate accounting treatment including classification and measurement. Hence, this is a key focus area of our audit.</td><td>Our audit procedures included, amongst others:

● Reviewed clauses and terms of the Sale and Purchase Agreement, Shareholders' Agreement entered into and the Constitution of the Investee to understand the Group's rights and obligations relating to the investee;

● Evaluated and challenged the management's assessment of the Group's power and significant influence over the investee in accordance with the criteria stated in IFRS 10 and IAS 28;

● Reviewed variables and outcomes in the valuation reports of the mining project underlying the investment and challenged the management's assessment on the subsequent measurement of the investment in accordance with the requirements of IAS 39;

● Discussed the possibility of impairment with the management and challenged management's impairment assessment.

Based on the results of our audit procedures performed, we found the judgements applied by the Group to be appropriate; that the classification, initial measurement and subsequent measurement of the investment were appropriate and reasonable.

We have also ascertained the adequacy and appropriateness of the disclosures made in the financial statements.</td></tr>
</table>

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.

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.

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 Tan Teck Zhen.

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2018

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

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

	Note	Group		Company	
		2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	3,648	4,446	1	2
Land use rights	7	49	52	–	–
Subsidiaries	8	–	–	128,200	152,351
Joint ventures	9	–	–	–	–
Available-for-sale financial asset	10(a)	70,431	–	70,431	–
Deferred tax assets	21	1,789	1,789	–	–
		75,917	6,287	198,632	152,353
Current assets					
Other investment	10(b)	–	56,918	–	–
Financial asset at fair value through profit or loss	11	–	11,592	–	–
Completed properties for sale	12	59,353	66,981	–	–
Other receivables, deposits and prepayments	13	4,112	8,047	–	–
Amounts due from subsidiaries (non-trade)	14	–	–	35,594	26,752
Amounts due from related parties (non-trade)	15	471	500	471	500
Amounts due from joint ventures (non-trade)	16(a)	3,606	3,392	–	–
Tax recoverable		69	69	–	–
Pledged bank deposits	18, 33(i)	5,308	6,226	–	–
Other current asset	19(a)	31,050	–	–	–
Cash and cash equivalents	19(b)	15,675	34,407	317	14,985
		119,644	188,132	36,382	42,237
TOTAL ASSETS		195,561	194,419	235,014	194,590

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

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

	Note	Group		Company	
		2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
LIABILITIES					
Current liabilities					
Trade payables		11,564	6,523	–	–
Sales and rental deposits		43,870	36,207	–	–
Accruals and other payables	20	10,466	9,084	670	834
Amounts due to subsidiaries (non-trade)	14	–	–	151,624	80,900
Amounts due to related parties (non-trade)	15	520	520	520	520
Amounts due to joint ventures (non-trade)	16(b)	2,669	1,878	–	–
Amounts due to joint ventures partner (non-trade)	17	11	11	–	–
Income tax payables		37,120	34,840	–	–
		106,220	89,063	152,814	82,254
Non-current liability					
Deferred tax liabilities	21	–	–	–	–
TOTAL LIABILITIES		106,220	89,063	152,814	82,254
NET ASSETS		89,341	105,356	82,200	112,336
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		(457,763)	(441,748)	(415,873)	(385,737)
TOTAL EQUITY		89,341	105,356	82,200	112,336

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 2017

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

	Note	2017 RMB'000	2016 RMB'000
Revenue	26	25,986	16,445
Cost of sales		(16,055)	(12,598)
Gross profit		9,931	3,847
Share of losses of joint ventures	9	(64)	(78)
Selling and distribution expenses		(1,429)	(2,645)
General and administrative expenses		(24,305)	(25,950)
Other income	27	688	12,788
Other expenses	28	(797)	(8,526)
Finance income	29	2,241	7,311
Loss before tax	30	(13,735)	(13,253)
Tax (expense) / credit	31	(2,280)	2,289
Loss for the year, representing total comprehensive loss for the year		(16,015)	(10,964)
Total comprehensive loss attributable to:			
Equity holders of the Company		(16,015)	(10,964)
Loss per share (RMB cents)			
- Basic and diluted	32	(10.92)	(7.47)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

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

	Attributable to equity holders of the Company						
	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 1.1.2016	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
Balance at 1.1.2017	5,897	224,594	(18)	267,600	49,031	(441,748)	105,356
Loss for the year, representing total comprehensive loss for the year	–	–	–	–	–	(16,015)	(16,015)
Balance at 31.12.2017	5,897	224,594	(18)	267,600	49,031	(457,763)	89,341

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 2017

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

	Note	2017 RMB'000	2016 RMB'000
Cash flows from operating activities			
Loss before tax		(13,735)	(13,253)
Adjustments:			
Amortisation of land use rights	7	3	2
Depreciation of property, plant and equipment	6	2,130	2,354
Gain on disposal of a subsidiary	8	(379)	(5,571)
Exchange difference		238	(1,269)
Impairment loss on completed properties for sale, net	12	64	–
Write-back of impairment on completed properties for sale	12	–	(5,876)
Impairment loss on amounts due from joint ventures	16(a)	159	387
Accretion of interest income on other investment	29	(1,921)	(7,078)
Interest income	29	(320)	(233)
Property, plant and equipment written off	28	38	–
(Gain) / Loss on disposal of property, plant and equipment	28	(43)	160
Share of losses of joint ventures	9	64	78
Write off of irrecoverable rental deposit	28	200	–
Fair value loss on financial asset at fair value through profit or loss – derivative financial instruments	11	–	7,722
Operating loss before working capital changes		(13,502)	(22,577)
Completed properties for sale		7,564	12,599
Other receivables, deposits and prepayments		3,090	386
Pledged bank deposit		918	1,082
Trade payables		5,041	(2,112)
Sales and rental deposits		7,663	(3,679)
Accruals and other payables		2,426	(1,173)
Cash generated from / (used in) operations		13,200	(15,474)
Income tax paid		–	(38)
Net cash from / (used in) operating activities		13,200	(15,512)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017

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

	Note	2017 RMB'000	2016 RMB'000
Cash flows from investing activities			
Advances to joint ventures	5	(208)	(929)
Repayment from joint ventures		562	–
Interest received		320	233
Purchase of other current asset	19(a)	(31,050)	–
Purchase of property, plant and equipment		(2,412)	(100)
Proceeds from disposal of property, plant and equipment		51	3
Proceeds from disposal of a subsidiary	8	1,000	10
Net cash used in investing activities		(31,737)	(783)
Net decrease in cash and cash equivalents		(18,537)	(16,295)
Cash and cash equivalents at beginning of year		34,407	49,450
Exchange difference on cash and cash equivalents		(195)	1,252
Cash and cash equivalents at end of year	19(b)	15,675	34,407

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

(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 address of its principal place of business is at China Henan Province, Zheng Zhou City, Jin Shui District, Intersection of Zhong Wang Road and Zheng Guang North Street, Zhong Chuang Building 6 Floor Unit 605, Henan 450000.

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 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 31 March 2018.

2. STATUS UPDATE ON MINING BUSINESS

The status of the Group’s current strategic plan in mining business is as follows:

Mining business	Current status	Note
a) Iron ore mine located in Thabazimbi district, Limpopo Province, South Africa.	The acquisition was completed on 17 April 2017. As at 31 December 2017, the application for mining rights has been approved by the South African authorities subjected to the settlement of rehabilitation deposit and the provision of mining programme and surveyed plan. The mine has not yet commence on any commercial operations.	10(a)
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 are currently still awaiting for certain technical reports to be completed so 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 on 30 June 2018.	2
c) 2 iron ore mines in PRC, held via joint ventures	With the sentiments and demand for iron ores expected to gradually improve in the medium to long-term, 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. Management has not revised this intention during the current financial year.	9

2. STATUS UPDATE ON MINING BUSINESS (Continued)

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

(i) the completion of the Proposed RTO;

(ii) the improvement of the macro-economic environment to support the rebound in iron ore price; and

(iii) the ability of the mining operations to generate positive future operating cash flows.

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 2017, 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 2017 to 30 June 2018. The relevant parties are currently still awaiting for certain technical reports to be completed in order to work out possible revised terms to the Amended and Restated SPA. This 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. The success of the Proposed RTO dependent on various factors that cannot be presently determined.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Adoption of new and revised standards

On 1 January 2017, the Group adopted the new or amended IFRS and Interpretations of IFRS ("IFRIC") 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 IFRIC. The adoption of these new or amended IFRS and IFRIC 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:

Descriptions	Effective for annual periods beginning on or after
Annual improvements to IFRS Standards 2014-2016	1 January 2018
- Amendments to IFRS 1 *First-time Adoption of Financial Reporting Standards*	
- Amendments to IAS 28 *Investments in Associates and Joint Ventures*	
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
IFRIC 23: *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to IFRS 9: *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to IAS 28: *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement*	1 January 2019
Annual Improvements to IFRS *Standards 2015 - 2017*	1 January 2019
- Amendments to IFRS 3 *Business Combinations*	
- Amendments to IFRS 11 *Joint Arrangements*	
- Amendments to IAS 12 *Income Taxes*	
- Amendments to IAS 23 *Borrowing Costs*	
IFRS 17 *Insurance Contracts*	1 January 2021
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:

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.

On the basis of facts and circumstances that existed at the date at of initial application of IFRS 9 (1 January 2018), the Group will be clarifying the following available-for-sale financial assets at cost at:

(a) Available-for-sale financial asset (Note 10(a)) will be classified as financial assets at fair value through other comprehensive income.

(b) Other current asset (Note 19(a)) will be classified as financial assets at fair value through profit or loss.

Other than the above change in clarification and hence measurement basis, the Group does not expect other change in measurement basis or significant increase in impairment allowance.

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.

Based on the Group's initial assessment, the Group does not expect significant changes to the basis of revenue recognition for its revenue from sales of completed properties.

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.

IFRIC 23: *Uncertainty over Income Tax Treatments*

The interpretation clarifies that, when there is uncertainty over income tax treatments, an entity considers whether it is probable that the tax authority will accept the entity's tax treatment. When it is probable, an entity determines the accounting tax position consistently with the tax treatment used or planned to be used in the entity's income tax filings. Otherwise, an entity should estimate the effect of uncertainty using either the most likely amount or the expected value method, whichever method better predicts the resolution of the uncertainty. Consistent judgements and estimates should be made for both current tax and deferred tax. The interpretation is effective for annual periods beginning on or after 1 January 2019, which an entity may elect to apply either retrospectively or prospectively.

Group accounting

(i) Subsidiaries

(a) Basis of consolidation

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(a) Basis of consolidation (Continued)

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
- 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Currency translation (Continued)

(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 differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

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)".

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth years.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, loans and receivables and available-for-sale financial assets.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

(ii) Subsequent measurement (Continued)

(c) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions. Assets in this category are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the reporting date.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are stated at cost less impairment loss.

(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.

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.

(i) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

(i) Financial assets carried at amortised cost (Continued)

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.

(ii) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 sales of properties 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.

(iii) Rental income

Rental income arising from property lease (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

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.

<u>People's Republic of China ("PRC")</u>

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees' benefits (Continued)

(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 liabilities are recognised for taxable temporary differences arising on investments in subsidiaries associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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) Carrying amounts of completed properties for sale

The aggregate carrying amount of these properties amounting to RMB 59,353,000 (2016: RMB 66,981,000) are stated at lower of cost and net realisable value. The details of each type of property are disclosed in Note 12.

The determination of net realisable value for each property type is based on the most recent selling price of similar properties. Favourable and unfavourable changes to market price of similar properties can potentially impact the carrying amounts of respective properties.

(b) 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 2017 was other receivables with carrying amount of RMB 3,174,000 (2016: RMB 3,859,000), which was stated after allowance made for impairment loss amounting to RMB 14,627,000 (2016: 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments (Continued)

(i) Critical accounting estimates and assumptions (Continued)

(c) Impairment of amounts 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 ventures and, the ability of the joint ventures partner to contribute proportionately.

During the year, the Group performed an assessment of the recoverability of the amounts due from joint ventures and had made impairment losses of RMB 159,000 (2016: RMB 387,000) on its share of proportionate contribution, in view that the joint ventures currently does not have revenue-generating activities.

The carrying amount and the factors considered by the management in determining the recoverability on the remaining amounts due from joint ventures are disclosed in Note 16(a).

(d) Impairment of investment in 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 on the recoverable amount is the higher of its fair value less costs to sell and its value in use.

During the financial year, the Company recognised a further impairment loss of investment in subsidiaries amounting to RMB 24,151,000 (2016: RMB 37,750,000). The total carrying amount of investment in subsidiaries net of impairment of RMB 464,334,000 (2016: RMB 440,183,000) as at 31 December 2017 is RMB 128,200,000 (2016: RMB 152,351,000).

The factors considered by the management in estimating the recoverable amount of the investment in subsidiaries are disclosed in Note 8. In particular, substantial rebound in the iron ore price may result in reversal of impairment loss in Nice Rhythms Limited reported by the Company in next financial year. On the other hand, the recoverable amount of Elegant Jade is determined by the expected 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 2) would affect the impairment loss in Elegant Jade.

(e) Income taxes

<u>Corporate Income Tax ("CIT")</u>

Significant estimates are 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 CIT payable at the end of the reporting period was approximately RMB 38,083,000 (2016: RMB 36,399,000).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments (Continued)

(i) Critical accounting estimates and assumptions (Continued)

(e) Income taxes (Continued)

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 estimating the allowable deductible expenses which will affect the calculation of the land appreciation amount and its related LAT. The Group recognised LAT based on management's best estimates according to understanding of the tax rules. 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 2017 will decrease / increase by approximately RMB 6,047,000 (2016: RMB 5,689,000). The carrying amount of the Group's LAT recoverable at the end of the reporting period was approximately RMB 963,000 (2016: RMB 1,559,000). The carrying amount of the LAT recoverable was included in the CIT payable balance as at 31 December 2017.

Deferred tax assets not recognised

The Group has tax losses carried forward amounting to RMB 14,498,000 (2016: RMB 62,887,000). 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 2017 was Nil (2016: RMB 3,510,000) and unrecognised tax losses as at 31 December 2017 was RMB 14,498,000 (2016: RMB 59,377,000). The expiry dates of such tax losses are disclosed in Note 21.

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

(a) Proposed disposal of subsidiary

As at 31 December 2017, the Proposed RTO and the Proposed Disposal (Note 2) were not completed as the relevant parties are currently still awaiting for certain technical reports to be completed in order to 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. The long stop date was further extended to 30 June 2018. 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.

(b) Designation of equity investment in an entity as available-for-sale financial asset

Management has designated the equity investment of 40.15% in Sino Feng Mining International S.àr.l. (Sino Feng) as available-for-sale financial asset (Note 10(a)) in accordance with IAS 39 Financial Instruments: Recognition and Measurement. Management has also, based on an assessment under IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, concluded that the Company neither controls nor exercise significant influence in Sino Feng as a result of the clauses stated in the rights and obligations conferred in shareholders' agreement between the Company and owners of Sino Feng, Sino-Africa Mining International Limited ("Sino-Africa") and the constitution of Sino Feng. Further details are disclosed in Note 10(a).

(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 (Continued)

(c) Subsequent measurement of available-for-sale financial asset at cost

Management has concluded that the fair value of the available-for-sale financial asset relating to the unquoted equity investment of 40.15% in Sino Feng amounted to RMB 70,431,000 cannot be reliably measured and therefore the investment is carried at cost. Rationale and further details are disclosed in Note 10(a).

4. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets				
Loans and receivables	28,582	106,450	36,382	42,237
Financial asset at fair value through profit or loss – derivative financial instrument	–	11,592	–	–
Available-for-sale financial assets	101,481	–	70,431	–
	130,063	118,042	106,813	42,237
Financial liability				
Financial liabilities at amortised cost	23,276	16,543	152,814	82,254

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**
2017	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets					
Other receivables and deposits	3,513	–	9	–	3,522
Amounts due from related parties (non-trade)	–	471	–	–	471
Amounts due from joint ventures (non-trade)	3,606	–	–	–	3,606
Cash and cash equivalents	15,064	210	201	200	15,675
Pledged bank deposits	5,308	–	–	–	5,308
Available-for-sale financial asset	70,431	–	–	–	70,431
Other current asset	31,050	–	–	–	31,050
	128,972	681	210	200	130,063
Financial liabilities					
Trade payables	11,564	–	–	–	11,564
Accrual and other payables	8,301	–	–	211	8,512
Amounts due to related parties (non-trade)	520	–	–	–	520
Amounts due to joint ventures (non-trade)	2,669	–	–	–	2,669
Amounts due to joint ventures partner (non-trade)	11	–	–	–	11
	23,065	–	–	211	23,276
Net financial assets / (liabilities)	105,907	681	210	(11)	106,787
Less: Net financial assets denominated in the respective entities' functional currency	(105,907)	–	–	–	(105,907)
Foreign currency exposure	–	681	210	(11)	880

(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	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

As the intragroup receivables and intragroup payables are denominated in Renminbi, which is the functional currency of all entities of the Group, 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	Renminbi	United States dollar	Hong Kong dollar	Singapore dollar	Total
2017	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets					
Amounts due from subsidiaries (non-trade)	35,594	–	–	–	35,594
Amounts due from related parties (non-trade)	–	471	–	–	471
Cash and cash equivalents	–	95	75	147	317
Available-for-sale financial asset	70,431	–	–	–	70,431
	106,025	566	75	147	106,813
Financial liabilities					
Accruals and other payables	469	–	–	201	670
Amounts due to subsidiaries (non-trade)	151,624	–	–	–	151,624
Amounts due to related parties (non-trade)	520	–	–	–	520
	152,613	–	–	201	152,814
Net financial (liabilities) / assets	(46,588)	566	75	(54)	(46,001)
Less: Net financial liabilities denominated in the Company's functional currency	46,588	–	–	–	46,588
Foreign currency exposure	–	566	75	(54)	587

(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	Renminbi	United States dollar	Hong Kong dollar	Singapore dollar	Total
2016	**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

Foreign exchange risk sensitivity analysis

The following table details the sensitivity to a 3% (2016: 5%) strengthening and weakening in the relevant foreign currencies against the Renminbi. 3% (2016: 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 3% (2016: 5%) change in foreign currency rates.

If the relevant foreign currencies weaken by 3% (2016: 5%) against the Renminbi, loss for the year will increase / (decrease) by:

	United States dollar impact		Hong Kong dollar impact		Singapore dollar impact	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Group						
Loss for the year	15	554	5	145	–	(23)
Company						
Loss for the year	17	626	2	139	(2)	(33)

(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 (Continued)

A 3% (2016: 5%) 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 Company has no significant exposure to cash flows due to changes in interest rate as its interest-bearing financial instruments, primarily pledged bank deposits (Note 18), carry fixed interest rates. Accordingly, no sensitivity analysis was prepared.

(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 (Note 19(b)), Other current asset (Note 19(a)) and Pledged bank deposits (Note 18) of the Group are placed with reputable financial institutions in Singapore, PRC and Hong Kong. Therefore, credit risk arises mainly from the inability of the Group's debtors to make repayments when due. Except as disclosed in Note 13 and 16(a), 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 2017, 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:

- approximately RMB 18,584,000 (2016: RMB 30,682,000) of the Group's cash and cash equivalents (Note 19(b)) and pledged deposits (Note 18) are placed with 1 (2016: 2) of the 4 largest state-owned commercial banks in PRC.

- financial products classified as other current asset (Note19(a)) amounted to RMB 31,050,000 are invested with one of the top 20 commercial banks in PRC.

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	
	2017	**2016**
	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))	99,459	111,805

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(a) 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 table details the remaining contractual maturity for financial liabilities. The table has 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	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Repayable on demand or within 1 year				
Non-interest-bearing liabilities	23,276	16,543	152,814	82,254
Financial guarantee (Note 33(i))	99,459	111,805	–	–
	122,735	128,348	152,814	82,254

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 2016.

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)

Fair value of financial instruments (Continued)

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

Fair value hierarchy (Continued)

As at 31 December 2017, the Group does not have any financial assets or liabilities carried at fair value.

As at 31 December 2016, the Group had no other financial assets or liabilities carried at fair value, except for financial asset at fair value through profit or loss (Note 11) which was classified as Level 3. As the fair value of financial assets cannot be derived from active markets, the fair value was determined using valuation techniques, i.e. discounted cash flows model, which use unobservable data. The 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	
	2017	**2016**
	RMB '000	**RMB '000**
Financial asset at fair value through profit or loss - Derivative		
At the beginning of year	11,592	19,314
Fair value loss recognised in profit or loss (Note 28)	–	(7,722)
Disposal (Note 10(a))	(11,592)	–
At end of the year	–	11,592

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 2017 and 2016.

(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 asset are reasonable approximation of fair value, due to their short-term nature.

As for the non-principal protected financial products classified as other current assets (Note 19(a)). The management is of the view that the carrying amount represents a reasonable approximation of its fair value as at 31 December 2017 as the expected yield at 4.2% per annum, from inception to year-end is immaterial. As at the date of this report, the Group has redeemed investments with a total carrying amount of RMB 24,450,000 with immaterial gain or loss.

As at 31 December 2016, the fair value of other investment (Note 10(b)) is estimated by market interest rate adjusted with market risk premium for equivalent unsecured loan and its carrying amount 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

As at 31 December 2017, the Group's investment in unquoted equity securities in corporation, classified as available-for-sale financial asset (Note 10(a)) is carried at cost as its fair value cannot be reliably assessed or measured. However, the Group does not intend to dispose of this investment in the foreseeable future.

(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	
	2017	**2016**
	RMB'000	**RMB'000**
Advances to joint ventures	208	929

The balance arising from the above transaction and the amount of doubtful debts recognised are disclosed in 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	
	2017	**2016**
	RMB'000	**RMB'000**
Short-term benefits	4,413	4,957
Post-employment benefits – Defined contribution	228	242
	4,641	5,199

(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 1.1.2016	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
As at 1.1.2017	220	15,781	3,471	5,030	24,502
Additions	–	1,867	46	499	2,412
Disposals	–	–	(3)	(203)	(206)
Write off	–	(13,245)	(883)	–	(14,128)
Disposal of a subsidiary (Note 8)	–	(1,600)	(838)	–	(2,438)
As at 31.12.2017	220	2,803	1,793	5,326	10,142
Accumulated depreciation					
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)	(12)	–	(830)
As at 31.12.2016	147	14,553	2,659	2,697	20,056
As at 1.1.2017	147	14,553	2,659	2,697	20,056
Charge for the year	10	996	369	755	2,130
Disposals	–	–	(1)	(197)	(198)
Write off	–	(13,245)	(845)	–	(14,090)
Disposal of a subsidiary (Note 8)	–	(916)	(488)	–	(1,404)
As at 31.12.2017	157	1,388	1,694	3,255	6,494
Net carrying value					
As at 31.12.2017	63	1,415	99	2,071	3,648
As at 31.12.2016	73	1,228	812	2,333	4,446

(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, 1.1.2017 and 31.12.2017	–	18	18
Accumulated depreciation			
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
As at 1.1.2017	–	16	16
Charge for the year	–	1	1
As at 31.12.2017	–	17	17
Net carrying value			
As at 31.12.2017	–	1	1
As at 31.12.2016	–	2	2

7. LAND USE RIGHTS

	Group	
	2017 RMB'000	2016 RMB'000
Net carrying value		
At beginning of year	52	54
Amortisation	(3)	(2)
At end of year	49	52

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 2017, amortisation of RMB 3,000 (2016: RMB 2,000) has been charged to profit or loss.

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

8. SUBSIDIARIES

	Company	
	2017	**2016**
	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	(440,183)	(402,433)
Addition (iii)	(24,151)	(37,750)
At end of year	(464,334)	(440,183)
	128,200	152,351
Represented by:		
Investment in Nice Rhythms	–	–
Investment in Elegant Jade (iii)	128,200	152,351
	128,200	152,351

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) The carrying amount of the Company's investment in subsidiaries as at 31 December 2017 and 2016 represents investment in Elegant Jade. As disclosed in Note 2 (with further details 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 2), net assets of Elegant Jade as at 31 December 2017 is used as the basis to determine the recoverable amount of the Company's investment in Elegant Jade as at 31 December 2017. As a result, an impairment loss of RMB 24,151,000 (2016: RMB 37,750,000) was recognised during the financial year ended 31 December 2017.

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

8. SUBSIDIARIES (Continued)

Particulars of the Company's subsidiaries as at 31 December 2017 and 2016 are as follows:

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			2017	2016
			%	%
Held by the Company				
Elegant Jade Enterprises Limited ("Elegant Jade") (i)	Investment holding	British Virgin Islands	100	100
Nice Rhythms Limited (i) ("Nice Rhythms")	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				
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
Beijing Zhong Neng Hui Feng Mining and Trading Co., Ltd (iii)	Dormant	PRC	–	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.

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

8. SUBSIDIARIES (Continued)

Disposal of subsidiaries

FY2017

On 28 December 2017, the Company disposed of 100% equity interest in Beijing Zhong Neng Hui Feng Mining and Trading Co., Ltd for a cash consideration of RMB 1,000,000 to two unrelated parties.

FY2016

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 these disposals on the cash flows of the Group were:

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Carrying amounts of assets and liabilities disposed of		
Property, plant and equipment	1,034	–
Deposits	645	–
Trade and other payables	(1,058)	(650)
Income tax payable	–	(4,911)
Net assets / (liabilities) disposed of	621	(5,561)

The aggregate gain or loss and the cash inflows arising from the disposal of these subsidiaries were:

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Net assets / (liabilities) disposed of	621	(5,561)
Total gain on disposal, included in Other Income (Note 27)	379	5,571
Net cash inflow on disposal	1,000	10

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

9. JOINT VENTURES

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Cost of investments in joint ventures	350,000	350,000
Share of post-acquisition losses	(2,228)	(2,164)
Deemed contribution in joint ventures (Note 16(a))	142	78
Impairment loss	(347,914)	(347,914)
	–	–

Current year's losses of the joint ventures are continued to be shared as the Group has made payments on behalf of the joint ventures. Such share of loss amounting to RMB 64,000 (2016: RMB 78,000) for the year is applied against deemed contribution reclassified from the amounts due from joint ventures (Note 16(a)).

Details of the Group's joint ventures at 31 December 2017 and 2016 are as follows:

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			2017	**2016**
			%	**%**
Held by Nice Rhythms				
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.

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

9. JOINT VENTURES (Continued)

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

	2017 RMB'000	2016 RMB'000
Non-current assets *	767,186	767,068
Current assets	1,454	1,263
Current liabilities	(73,096)	(72,658)

* Including fair value adjustment on iron ore mines amounting to RMB 701,954,000 (2016: RMB 701,954,000).

The above amounts of assets and liabilities include the following:

	2017 RMB'000	2016 RMB'000
Cash and cash equivalents	935	817
Current financial liabilities (excluding trade and other payables and provisions)	(13)	(15)
Revenue	–	–
Expenses / Net losses for the year, representing the total comprehensive loss	(129)	(155)
The above loss for the year includes the following:		
Depreciation	(3)	(46)
Interest income	2	2

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

	2017 RMB'000	2016 RMB'000
Net assets of the joint ventures (including fair value adjustment)	695,544	695,673
Proportion of the Group's ownership interest in the joint ventures	50%	50%
	347,772	347,836
Accumulated impairment loss	(347,914)	(347,914)
Deemed contribution in joint ventures (Note 16(a))	142	78
Carrying amount	–	–

Impairment testing

Both Xinjiang and Henan Iron Ore Mines have been fully impaired in 2015 and iron ore prices would need to increase to RMB 1,043 (or increase by 63%) 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 remaining constant.

As at 31 December 2017, the 2-year trailing average of iron ore price is at RMB 640 (2016: RMB 582) per ton and management is in view that this will not have any positive impact on the valuation of the mines and full impairment is still required. As such, the management did not engage independent valuers to update the valuation as of 31 December 2017.

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

10(a). AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group		Company	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Balance at beginning of the year	–	–	–	–
Acquisition of unquoted equity securities in corporation	70,431	–	70,431	–
Balance at end of the year	70,431	–	70,431	–

Particulars of the Group's and Company's available-for-sale financial asset as at 31 December 2017 is as follows:

Unquoted investment	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interests 2017 %	2016 %
Held by the Group and Company				
Sino Feng Mining International S.àr.l. ("Sino Feng")	Investment holding	Luxembourg	40.15	–
Held by Sino Feng, directly and indirectly				
Huixin Mining International Pty Limited	Investment holding	Republic of South Africa	100	–
Aero Wind Properties Pty Limited	Investment holding	Republic of South Africa	40	–

On 28 March 2017, the Group entered into a conditional Sales and Purchase Agreement (the "Agreement") with an unrelated third party, Sino-Africa Mining International Limited ("Sino-Africa") to acquire 8,030 shares of a Luxembourg company, Sino Feng Mining International S.àr.l. ("Sino Feng"), constituting 40.15% of the total issued share capital of Sino Feng (the "Proposed Investment"). Upon the completion of the Proposed Investment, the Group will hold an effective interest of 16.06% of the total issued share capital of a South African company, Aero Wind Properties Pty Limited ("AWP"). AWP holds a prospecting right granted by the relevant South African authority in respect of iron ore mine located in Thabazimbi district, Limpopo Province, South Africa (the "Thabazimbi Project").

As stated in the Agreement, the investment, fully satisfied by the transfer of the Yi Feng Contract as its carrying amount approximate the indicative value of 16.06% interest in the Thabazimbi Project, was determined based on an independent valuers' report using Yardstick Valuation Method, which is an acceptable alternative method when the other method is not available or not appropriate.

On 17 April 2017, the acquisition was completed upon fulfilment of the pre-completion conditions and the investment is measured at cost of RMB 70,431,000, which comprised Other Investment (being Capital Advance) of RMB 58,839,000 (Note 10(b)) and Financial Assets at Fair Value Through Profit or Loss (being the Entitlement) of RMB 11,592,000 (Note 11) measured at the closest practicable date, 31 March 2017. Subsequent to the acquisition, AWP received the approval of mining rights from the relevant authorities. The issuance of mining right certificate is pending settlement of rehabilitation deposit amounting to South African Rand 10,091,000 (equivalent to RMB 5,297,000) and provision of mining programme and surveyed plan.

10(a). AVAILABLE-FOR-SALE FINANCIAL ASSET (Continued)

Judgement on classification of this investment

In accordance with the shareholders' agreement dated on 30 April 2017 entered between Sino Feng, Sino-Africa and the Company:

(a) The control and management of Sino Feng will vest in the Board of Directors, which is solely appointed by Sino-Africa. The Company is not entitled to have any board representation, and neither the constitution of Sino Feng allows the Company, owning less than majority of voting power, to appoint a Director in a general meeting.

(b) Dividends will be solely proposed by the Board of Directors of Sino Feng.

On the other hand, the abovementioned shareholders' agreement also agreed that subsequent to the share purchase, no new funding contribution will be required from the Company for purpose of making or realising an investment or funding any other requirement of the mining business of Sino Feng.

Based on the above facts and circumstances and analysis of the rights and obligations held by the Company, the Company is not able to exercise control, joint control or significant influence over Sino Feng. Accordingly, the investment is classified as available-for-sale financial asset.

Judgement on subsequent measurement basis

Another independent valuer was appointed by AWP to evaluate the fair value of the Thabazimbi Project as at 31 December 2017. The valuation, based on the Market Approach, indicates a significantly higher value as opposed to the indicative value used as reference point during the negotiation of the acquisition (using Yardstick method).

Since the Thabazimbi Project is still in development phase as at 31 December 2017, management has considered the above valuation reports and has concluded that the fair value of the unquoted equity instruments cannot be reliably measured mainly due to the following factors:

- the relative weightage of the inferred resources used in the calculation of fair value (market approach) of the Thabazimbi Project in the valuation report which bears the lowest level of geological confidence.

- the estimated value per ton of iron ore resources in the mine, consistent with historic arms-length average transactions values which gave a significantly wide range of value.

The above factors render the range of reasonable measurements to be significant, as the probabilities of various outcome cannot be reasonably determined. Therefore, the investment is carried at cost as at 31 December 2017. Along with the IFRS 9 adoption in next financial year, management will review this conclusion when more information is expected to become available.

Impairment assessment

In addition to the significantly higher value as per the valuation report, the management has also considered whether there has been any significant adverse changes that have taken place since acquisition in the market, economic or legal environment in iron ore mining industry in South Africa, and concluded that there are no objective evidence of impairment as at 31 December 2017.

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

10(b). OTHER INVESTMENT

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Balance at beginning of the year [i]	56,918	49,840
Accretion of interest income [i]	1,921	7,078
Disposal (Note 10(a)) [ii]	(58,839)	–
	–	56,918

Notes:

(i) In November 2015, the Group has entered into 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") which is classified as financial assets at fair value through profit or loss (Note 11).

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 up to the disposal (see note (ii) below), amounting to RMB 1,921,000 (2016: RMB 7,078,000), is recognised as finance income in profit or loss (Note 29).

(ii) As disclosed in Note 10(a), the acquisition of 40.15% equity interest in Sino Feng was satisfied by the transfer of Yi Feng Contract. Accordingly, carrying amount of the other investment amounted to RMB 58,839,000 was disposed of and transferred to available-for-sale financial asset on 17 April 2017.

11. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
At beginning of the year	11,592	19,314
Fair value loss (Note 28)	–	(7,722)
Disposal (Note 10(a))	(11,592)	–
Balance at end of the year	–	11,592

The carrying amount represents the deemed cost of the Entitlement of Yi Feng Contract (Note 10(b)(i)) at inception and subsequent fair value changes. The deemed cost of the Entitlement at inception arose from the discounting of the Capital Advances at market rate of borrowing at inception during the financial year ended 31 December 2015. Subsequent fair value changes cumulatively recognised in profit or loss since inception until the disposal of Yi Feng Contract (Note 10(a)) amounted to RMB 4,115,000.

Valuation technique:

FY2017 (up to disposal)
Due to the stagnating sales of Yi Feng Project from 1 January 2017 to 17 April 2017, fair value adjustment on the Entitlement is not necessary as all assumptions applied in discounted cash flows model remained substantially the same as 31 December 2016.

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

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

Valuation technique (Continued):

FY2016
With the assistance of external valuation specialist engaged by the Group, the fair value of the financial asset at fair value through profit or loss as at 31 December 2016 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 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**
	2016	
Discount rate	19.02%	Inverse
Selling price of properties (RMB / square meter):		
- Commercial unit	9,000 to 15,000	Positive
- Residential unit	3,000	Positive
- Hotel	4,200	Positive
Unsold properties at 31 December 2017		
- Commercial unit	83%	Inverse
- Residential unit	88%	Inverse
- Hotel	100%	Inverse
Selling expenses	5% of total revenue	Inverse
Cost to complete (RMB' 000)	106,000	Inverse

As at 17 April 2017 and 31 December 2016, the construction of the Yi Feng Project is completed except for the renovation of Hotel and Commercial units which comprise the cost to complete. No additional renovation cost will be incurred until a higher percentage of units have been sold.

Further details and the sensitivity analysis of the fair value is disclosed in Note 11 of the 2016 annual report.

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

12. COMPLETED PROPERTIES FOR SALE

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
At cost	66,574	74,138
Less: Accumulated impairment loss	(7,221)	(7,157)
	59,353	66,981
Carrying amount represent:		
Basement units	1,161	1,170
Commercial units	6,933	6,998
Residential units:		
- Condominium units	8,875	9,429
- Townhouse units	42,384	49,384
	59,353	66,981

The cost of completed properties recognised as expenses and included in "cost of sales" amounted to RMB 16,055,000 (2016: RMB 12,598,000).

Movement of impairment loss on completed properties for sale:

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Balance at beginning of the year	7,157	13,033
Charge for the year	650	–
Write-back of impairment loss	(586)	(5,876)
Net impairment / (write-back) (Note 27 / 28)	64	(5,876)
Balance at end of the year	7,221	7,157
Accumulated impairment loss at the end of the year represents:		
Basement units	6,571	7,157
Condominium units	650	–
	7,221	7,157

<u>2017</u>

The Group has recognised a net impairment loss on condominium and basement units amounting to RMB 64,000 arising from:

(a) Reversal relating to basement units amounting to RMB 586,000, based on the actual sales made and contracts entered into during the financial year ended 31 December 2017; and

(b) An impairment loss on condominium units amounting to RMB 650,000 due to agreed contractual price of certain units being lower than cost.

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

12. COMPLETED PROPERTIES FOR SALE (Continued)

2016

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 financial year ended 31 December 2016; 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 financial year ended 31 December 2016.

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	Remaining Tenure	Gross floor area (square metre)	Gross floor area (square metre)
			2017	2016
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	39,718	49,388

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group	
	2017	2016
	RMB'000	RMB'000
Advances to staff	116	56
Other receivables (i) (ii)	17,801	18,486
Less: Allowance for impairment	(14,627)	(14,627)
	3,174	3,859
Rental deposits (iii)	171	851
Other deposits	61	241
Prepaid construction costs	56	56
Prepaid rental (iii)	409	2,869
Other prepayment	13	13
Prepaid business and related tax	112	102
	4,112	8,047

Notes:

The impairment loss as at 31 December 2017 and 31 December 2016 of RMB 14,627,000 comprise the following balance:

(i) Included in other receivables (gross) as at 31 December 2017 and 31 December 2016 was an amount of 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 subsidiary, Xinxiang Huilong Real Estate Co., Ltd ("Xinxiang"), 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, of which only RMB 15,030,000 had been recovered in financial year ended 31 December 2015.

The management is of the view that there is a significant uncertainty in the collectability, of the remaining balance of RMB 12,038,000 which has been fully impaired since financial year ended 31 December 2015. No collection has been received during the current and previous financial year.

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

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(ii) Included in other receivables (gross) is an amount owing from a third party, Henan Luopu Yubo Zhiye Co., Ltd ("Henan Luopu") (河南洛浦豫博置业有限公司), of RMB 5,000,000 (2016: 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 2017 amounted to RMB 2,589,000 (2016: 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 (2016: RMB 2,411,000) as there is a corresponding liability owing to a related party of Henan Luopu for the same amount included in other payables (Note 20(i)).

(iii) As at 31 December 2016, rental paid in advance amounted to RMB 2,749,000 and rental deposit amounted to RMB 645,000 was for a Corporate office located in Beijing and which were derecognised as the subsidiary was disposed on 28 December 2017 (Note 8). The remaining rental paid in advance and rental deposit as at 31 December 2017 relate to the new Corporate office located in Henan.

14. AMOUNTS 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	
	2017 RMB'000	2016 RMB'000
Amounts due from related parties [i]	471	500
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.

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

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

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Amounts due from joint ventures (non-trade)	9,914	9,477
Deemed contribution in joint ventures (Note 9)	(142)	(78)
	9,772	9,399
Less: Allowance for impairment		
At beginning of the year	(6,007)	(5,620)
Addition	(159)	(387)
At end of the year	(6,166)	(6,007)
	3,606	3,392

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

During the financial year, the management performed an impairment test for the amounts due from joint ventures and the Group has recognised an impairment loss on amounts due from joint ventures amounting to RMB 159,000 (2016: RMB 387,000) on its share of proportionate contribution as the joint ventures currently do not have revenue-generating activities. The remaining net amount due from joint ventures of RMB 937,000 (2016: RMB 1,514,000), comprises of amounts due from joint ventures of RMB 3,606,000 (2016: RMB 3,392,000) and corresponding liability owing to the same group of counterparties of RMB 2,669,000 (2016: RMB 1,878,000), represents the net amount recoverable through the future contribution from the joint ventures partner to match the Group's past contribution.

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 ranging from 0% to 0.3% (2016: 0% to 0.3%) per annum. The pledged bank deposits will be released upon the issuance of ownership certificates.

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

19(a). OTHER CURRENT ASSET

	Group	
	2017	2016
	RMB'000	RMB'000
At 1 January, at cost	–	–
Additions	73,800	–
Disposal	(42,750)	–
At 31 December	31,050	–

During the financial year, the Group invested in non-principal protected financial products with a top 20 commercial banks in the People's Republic of China. The investment does not have any fixed maturity term and coupon interest rates or yield return. For those investment redeemed during the year, the yield earned was ranging from 3.3% to 4.2% per annum, amounting to approximately RMB 187,000 included in interest income (Note 29). As the financial product is non-principal-protected with variable returns, which is held by the Group for investment purposes rather than for trading, the Group has designated these investments as available-for-sale financial asset.

19(b). CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank	15,542	24,736	317	14,985
Cash on hand	133	91	–	–
Structured deposits [i]	–	9,580	–	–
Cash and cash equivalents per consolidated statement of cash flows	15,675	34,407	317	14,985

As at 31 December 2017, 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 RMB 14,954,000 (2016: RMB 15,974,000). 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 and was fully redeemed on 14 June 2017. The cash was transferred to the Group's bank account together with effective interest rates of 1.0% to 2.6% (2016: 2.5% to 3.0%) per annum.

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

20. ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Other payables				
- Construction cost payable	1,231	1,231	–	–
- Others [(i)]	4,531	4,400	–	–
Accrued expenses				
- Accrued business and related taxes	1,200	719	–	–
- Other accrued expenses [(ii)]	2,385	1,567	670	834
Deposits				
- Refundable deposits received in advance	365	413	–	–
- Non-refundable deposits received in advance	754	754	–	–
	10,466	9,084	670	834

Notes:

(i) Included in other payables is an amount of RMB 2,411,000 (2016: RMB 2,411,000) which represents an amount owing to a third party which can be offset against a receivable amount from the Henan Luopu 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 200,000 (2016: RMB 197,000), accrued sales commission and bonus amounting to RMB 400,000 and RMB 301,000 (2016: both Nil) respectively.

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	**Impairment on completed properties for sale**	**Other investment [(i)]**	
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
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
At 1.1.2017	878	1,789	(878)	1,789
Charge to profit or loss for the year (Note 31)	(878)	–	878	–
At 31.12.2017	–	1,789	–	1,789

Note:

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

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

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

Unrecognised tax losses

A PRC subsidiary has tax losses of approximately RMB 14,498,000 (2016: RMB 59,377,000) that is available for offset against its future taxable profits subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation. The tax losses of the PRC subsidiaries expire by end of 5 years from the losses recorded, as follows:

	Group			
	2017		2016	
	RMB'000	Expiring on	RMB'000	Expiring on
Tax losses arising from financial year of:				
2012	– (i)	– (i)	481 (i)	2017
2013	– (ii)	– (ii)	10,921 (ii)	2018
2014	– (ii)	– (ii)	14,563 (ii)	2019
2015	1,786	2020	17,704 (ii)	2020
2016	4,200	2021	15,708 (ii)	2021
2017	8,512	2022	–	
	14,498		59,377	

Notes:

(i) Expired during the current financial year.

(ii) The amounts as at 31 December 2016 were inclusive of unutilised losses of RMB 52,910,000 (as at date of disposal: RMB 57,130,000) relating to a PRC subsidiary which has been disposed during the current financial year (Note 8).

No deferred tax asset is recognised on the above unutilised tax losses due to uncertainty of its recoverability as the PRC subsidiary is dormant and has no income-generating assets or business after the transfer of Yi Feng Contract (Note 10(b)) to the Company during the financial year as part of the Company's acquisition of an unquoted equity instruments (Note 10(a)).

Unrecognised temporary differences relating to investment in a subsidiary

Temporary differences of RMB 83,041,000 (2016: RMB 83,043,000) have not been recognised for the withholding and other taxes that will be payable on the retained earnings of PRC subsidiaries when remitted to the Company as it is not probable that the subsidiary will declare dividends in view of the cash position.

The deferred tax liability not recognised for undistributed profits is estimated to be RMB 8,304,000 (2016: RMB 8,304,000). 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			
	2017		2016	
	Number of ordinary shares	S$'000	Number of ordinary shares	S$'000
Authorised shares at beginning and 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			
	2017		2016	
	Number of ordinary shares	RMB'000	Number of ordinary shares	RMB'000
Issued and paid-up shares at the beginning and end of the year	146,700,000[(i)]	5,897	146,700,000[(i)]	5,897

As at 31 December 2017, the par value of ordinary shares is S$0.008 each (2016: S$0.008 each). 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.

Note:

(i) Inclusive of 11,500 treasury shares (Note 24).

23. SHARE PREMIUM

	Group and Company	
	2017	2016
	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.

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

24. TREASURY SHARES

	Group and Company			
	2017		2016	
	Number of ordinary shares	RMB'000	Number of ordinary shares	RMB'000
At the beginning and 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	
	2017	2016
	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.

26. REVENUE

	Group	
	2017	2016
	RMB'000	RMB'000
Sales of completed properties	25,986	16,445

27. OTHER INCOME

	Group	
	2017	2016
	RMB'000	RMB'000
Foreign exchange gain, net	–	1,290
Gain on disposal of a subsidiary (Note 8)	379	5,571
Write-back of impairment on completed properties for sales (Note 12)	–	5,876
Rental income	286	–
Others	23	51
	688	12,788

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

28. OTHER EXPENSES

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
(Gain) / Loss on disposal of property, plant and equipment	(43)	160
Property, plant and equipment written off	38	–
Fair value loss on financial asset at fair value through profit or loss – derivative financial instruments (Note 11)	–	7,722
Foreign exchange loss, net	377	–
Impairment loss on completed properties for sale, net (Note 12)	64	–
Impairment loss on amounts due from joint ventures (Note 16(a))	159	387
Write off of irrecoverable rental deposit	200	–
Reinstatement cost	–	207
Others	2	50
	797	8,526

29. FINANCE INCOME

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Interest income – bank balance and structured deposit	320	233
Accretion of interest income on other investment (Note 10(b))	1,921	7,078
	2,241	7,311

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

30. LOSS BEFORE TAX

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

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Directors' remuneration and fees:		
- Paid to Directors of the Company	3,024	2,930
Staff costs (including Directors' remuneration and fees)		
- Short-term benefits	8,515	10,096
- Post-employment benefits: defined contribution	573	783
Audit fees:		
- Paid to auditors of the company	697	871
Other auditors' fees	36	11
Depreciation of property, plant and equipment (Note 6)	2,130	2,354
Entertainment expenses	3,815	2,439
Legal and professional fees	1,380	1,559
Operating lease expenses	4,245	3,709
Cost of completed properties for sale recognised as cost of sales (Note 12)	16,055	12,598
Amortisation of land use rights (Note 7)	3	2
Property, plant and equipment written off	38	–
Fair value loss on derivative financial instruments (Note 11)	–	7,722
Foreign exchange loss / (gain), net	377	(1,290)
Accretion of interest income on other investment (Note 10(b))	(1,921)	(7,078)
Write off of irrecoverable rental deposit	200	–
Impairment loss on completed properties for sale, net (Note 12)	64	–
(Gain) / Loss on disposal of property, plant and equipment	(43)	160
Write-back of impairment on completed properties for sales (Note 12)	–	(5,876)
Impairment loss on amounts due from joint ventures (Note 16(a))	159	387
Gain on disposal of a subsidiary (Note 8)	(379)	(5,571)

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

31. TAX EXPENSE / (CREDIT)

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Deferred tax credit (Note 21)		
- Original and reversal of temporary differences	–	(1,789)
Corporate income tax [(i)]		
- Current year	1,685	(376)
Land appreciation tax [(ii)]		
- Current year	595	(124)
Current tax expense / (credit)	2,280	(500)
Tax expense / (credit)	2,280	(2,289)

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% (2016: 25%) of their assessable profits. No income tax was payable in respect to the subsidiary in Singapore, as it is dormant during the current and preceding years. 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	
	2017	**2016**
	RMB'000	**RMB'000**
Accounting loss before tax	(13,735)	(13,253)
Taxation at the PRC corporate income tax rate of 25% (2016: 25%)	(3,434)	(3,313)
Effect of different tax rates in other countries or in tax-free jurisdiction	1,153	(220)
Effect of land appreciation tax	446	(94)
Effect of expenses not deductible for tax purpose	1,173	669
Effect of income not taxable for tax purpose	(241)	(1,469)
Recognition of deferred tax assets previously not recognised	–	(1,789)
Deferred tax assets not recognised on tax losses	3,183	3,927
Tax expense / (credit) for the year	2,280	(2,289)

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

32. LOSS PER SHARE

	2017 RMB'000	2016 RMB'000
Loss attributable to equity holders of the Company (RMB'000)	(16,015)	(10,964)
Weighted average number of ordinary shares outstanding (excluding 11,500 treasury shares) for basic loss per shares ('000)	146,689	146,689
Basic and diluted(i) loss per share		
- RMB cents	(10.92)	(7.47)
- SGD cents (ii)	(2.22)	(1.55)

Notes:

(i) The Company has no dilutive potential ordinary shares for the financial year ended 31 December 2017 and 2016 and there was no ordinary share that may be issued upon the exercise of any share option outstanding as at 31 December 2017 and 2016.

(ii) Calculated based on average exchange rate of S$1: RMB 4.91 (2016: RMB 4.81).

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 2017, the notional amount of the guarantees amounted to approximately RMB 99,459,000 (2016: RMB 111,805,000).

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 default their mortgage obligations. The Group provides guarantees on the condition that the purchasers pay a down payment of 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 5,308,000 (2016: RMB 6,226,000) 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 (Continued)

(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	
	2017	**2016**
	RMB'000	**RMB'000**
Future minimum lease payments		
- Not later than 1 year	1,912	3,630
- Later than 1 year and not later than 5 years	2,663	13,399
	4,575	17,029

Out of the above lease commitments, RMB 4,325,000 relates to the lease of the Group's corporate office in Henan which carries an accelerated lease of 5% increase per annum from third year onwards.

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(ii)) 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 (2016: 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 on the net balance 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 being, commercial and residential property development or investment in mining. The chief operating decision maker allocate resources and assess its performance based on these two categories.

Information reported 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 Contract (Note 10(b) and 11) and investment in other current asset (Note 19(a)) 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
2017				
Segment revenue from external customers	–	25,986	–	25,986
Segment (loss) / profit, representing (loss) / profit before tax	(223)	7,269	(20,781)	(13,735)
Tax expense				(2,280)
Loss for the year				(16,015)
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)

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 RMB'000	Commercial and residential property development RMB'000	Investment RMB'000	Total RMB'000
2017				
Segment assets	74,037	82,574	38,950	195,561
Consolidated segment assets				195,561
Segment liabilities	(2,680)	(97,870)	(5,670)	(106,220)
Consolidated segment liabilities				(106,220)
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)

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.

(iii) Other segment information

	Mining RMB'000	Commercial and residential property development RMB'000	Investment RMB'000	Total RMB'000
2017				
Amounts included in the measure of segment assets:				
Additions to property, plant and equipment	–	–	2,412	2,412
Available-for-sale financial asset	70,431	–	–	70,431
Amounts included in the measure of segment loss:				
Depreciation of property, plant and equipment	–	91	2,039	2,130
Impairment loss on completed properties for sale, net	–	64	–	64
Impairment loss on amounts due from joint ventures	159	–	–	159
Share of losses of joint ventures	64	–	–	64
Accretion of interest income on other investment	–	–	(1,921)	(1,921)
Interest income	–	(37)	(283)	(320)

(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
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 amounts due from joint ventures	387	–	–	387
Share of losses of joint ventures	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)

(iv) Information about geographical areas

All Group's revenue and non-current assets are principally attributable in the PRC except for available-for-sale financial asset amounted to RMB 70,431,000 which is attributable in the South Africa.

STATISTICS OF SHAREHOLDINGS

As at 22 March 2018

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 22 MARCH 2018

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	28	1.92	1,288	0.00
100 - 1,000	354	24.25	166,662	0.11
1,001 - 10,000	801	54.86	2,764,499	1.88
10,001 - 1,000,000	266	18.22	10,376,678	7.08
1,000,001 and above	11	0.75	133,379,373	90.93
Total	1,460	100.00	146,688,500	100.00

LIST OF 20 LARGEST SHAREHOLDERS AS AT 22 MARCH 2018

NO.	NAME	NO OF SHARES	PERCENTAGE (%)
1	MAYBANK KIM ENG SECS PTE LTD	44,772,600	30.52
2	GLOSSMEI LIMITED	18,250,000	12.44
3	GUO YINGHUI	17,985,000	12.26
4	PHILLIP SECURITIES PTE LTD	14,893,674	10.15
5	KGI SECURITIES (SINGAPORE) PTE	14,560,000	9.93
6	DB NOMINEES (S) PTE LTD	8,505,000	5.80
7	UOB KAY HIAN PTE LTD	6,200,375	4.23
8	DBS VICKERS SECS (S) PTE LTD	3,103,137	2.12
9	RAFFLES NOMINEES (PTE) LTD	2,231,812	1.52
10	WANG HAIYAN	1,763,250	1.20
11	CITIBANK NOMS S'PORE PTE LTD	1,114,525	0.76
12	LI SHI	525,012	0.36
13	TEE WEE SIEN (ZHENG WEIXIAN)	492,875	0.34
14	OCBC SECURITIES PRIVATE LTD	370,500	0.25
15	YAP THIAM JOO	294,200	0.20
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	SIOW KWONG THYE	200,000	0.14
20	TAN YAU TECK	200,000	0.14
	TOTAL	**136,243,210**	**92.88**

STATISTICS OF SHAREHOLDINGS

As at 22 March 2018

SUBSTANTIAL SHAREHOLDERS AS AT 22 MARCH 2018

	Number of Shares fully paid			
Name of Substantial Shareholders	**Direct Interest**	**%** [1]	**Deemed Interest**	**%** [1]
Guo Ying Hui	17,985,000	12.26	32,240,000 [2]	21.98
Glossmei Limited	18,250,000	12.44	–	–
China Focus International Limited [3]	17,680,000	12.05	–	–
Han Yong [4]	7,669,537	5.23	–	–
Ample Scenery Investments Limited [5]	10,530,463	7.18	–	–
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 Ying Hui 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 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 Ying Hui and Mdm Feng Li as its Directors, and its shares are equally held by them. Mr Guo Ying Hui 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) The shares of Mr Han Yong are registered in the name of Maybank Kim Eng Securities Pte Ltd.

(5) The 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 Ying Hui and the 17,680,000 shares held by China Focus International Limited.

PUBLIC FLOAT

Based on information available to the Company as at 22 March 2018, 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 Thirteenth Annual General Meeting of China Mining International Limited will be held at Furama RiverFront Hotel, Jupiter II, level 3, 405 Havelock Road, Singapore 169633 on Friday, 27 April 2018 at 9 a.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 2017 together with the Directors' Statement and Report of the Auditors thereon. **(Resolution 1)**

2. To approve payment of Directors' Fee of S$200,000 (2017: S$200,000) for the year ending 31 December 2018. **(Resolution 2)**

3. To re-elect the following Directors, who will retire pursuant to Article 86(1) and (2) of the Company's Articles of Association:

   Ms Dong Ling Ling **(Resolution 3)**
   Mr Lim Han Boon **(Resolution 4)**

   Mr Lim Han Boon will upon re-election, remain as the Chairman of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. He will also continue as a member of Nomination Committee and Remuneration Committee.

4. To re-appoint Crowe Horwath First Trust LLP as Auditors of the Company and to authorise the Directors to re-negotiate and agree on their remuneration. **(Resolution 5)**

As Special Business

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

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

   "That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("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; and/or

   (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; and/or

   (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 and subsidiary holdings), 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 subsidiary holdings), and for the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) 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,

(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."

(Resolution 6)
(See Explanatory Note 1)

6. **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 (1) 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 be 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 or any other stock exchange on which the Shares may for the time being be listed and quoted) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company 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 of the Company 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:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days, on which transactions in the Shares were recorded on the SGX-ST, immediately preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-Market Day period;

"**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 following basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**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;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**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

in either case, excluding related expenses of the purchase;

"**Prescribed Limit**" means the number of issued Shares representing ten per cent (10%) of the issued ordinary share capital, excluding treasury shares and subsidiary holdings, ascertained as at the date of passing of this Resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Cayman Companies Law, at any time during the Relevant Period, or within one (1) financial year of the Company, whichever is the earlier, 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 as altered; and

"**Relevant Period**" means the period commencing from the date of the passing of the resolution to approve the renewal of the Share Buyback Mandate at the last AGM of the Company and expiring on the date the next AGM is held or is required by law or by the Articles of Association of the Company to be held, whichever is the earlier; 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 7)
(See Explanatory Note 2)

Any Other Business

7. 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 2018

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes: -

1. Resolution 6, 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, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares and subsidiary holding) of the Company at the time of the passing of this Resolution. 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 and subsidiary holdings) 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 and subsidiary holdings) of the Company at the time that Ordinary Resolution 6 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 7 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 2017 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 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) hoursbefore 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.

CMI 中矿国际有限公司
CHINA MINING INTERNATIONAL LIMITED