ANNUAL REPORT 2022

中矿国际有限公司
CHINA MINING INTERNATIONAL LIMITED

CONTENTS

CHAIRMAN'S MESSAGE

ZHAI KEBIN

Chief Executive Officer and Executive Chairman

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report for China Mining International Limited (the "**Company**") and its subsidiaries (the "**Group**") for the financial year ended 31 December 2022 ("**FY2022**").

FINANCIAL REVIEW

The Group recorded a net loss of RMB7.6 million for FY2022 compared to a (restated) net profit of RMB27.2 million achieved for the financial year ended 31 December 2021 ("**FY2021**"). Had the one-off non-recurring gain, due to the bargain purchase of RMB39.5 million arose from the acquisition of the new agriculture business in end 2021, been excluded from the (restated) results for FY2021, the Group would have incurred an adjusted net loss of RMB12.3 million for FY2021, which exceeds the Group's net loss sustained in FY2022 by about 38.2%.

The revenue of the Group in FY2022 was solely derived from its new agriculture business. Notwithstanding which, the Group would have registered a significantly higher turnover in FY2022 had it not for the then prevalent Covid-19 pandemic situation encountered in China throughout FY2022 and the flood aftermath attributed to the Henan torrential deluge experienced in July 2021 (that had caused significant damage to the infrastructure in the Henan province, disrupting the manufacturing sector (with factories and warehouses being damaged) and leading to delays in production and supply chain disruptions), which adversely affected the growth and harvest of the agriculture produce of the Group in FY2022.

OPERATIONS REVIEW

Share Placement Exercise

The Group successfully completed a share placement exercise in FY2022 to raise a gross proceed of S$2,975,000 through the issuance of 70,000,000 new ordinary shares. The monies raised from the share placement, apart from strengthening the balance sheet of the Group, provides the Group with liquidity for its working capital needs and flexibility for the pursue of its growth strategies, particularly in respect of its new agricultural business, as well as for the exploration of new business opportunities as and when they arise.

Foray into the business of Supply Chain Management

To augment its new agriculture business, the Group had in FY2022 incorporated two entities, Henan Younong Future Supply Chain Management Co., Ltd. (河南优农未来供应链管理有限公司) and Henan Xinyounong Supply Chain Management Co., Ltd. (河南鑫优农供应链管理有限公司), to specially cater to the growing demands of agriculture products via the online platforms.

MOVING FORWARD

China's economy is gradually recovering from the outbreak of the Covid-19 pandemic. Implementing policies to support businesses and stimulate economic growth, it has helped businesses to reopen and resume operations. Local businesses in China have had to adapt to the new normal brought about by the pandemic and embrace digital technology, such as online ordering and delivery services, to reach customers who prefer to stay at home. With the rise of people working from home remotely and online shopping, demands for technology-related products and services have also increased in tandem.

The Company has expanded its e-commerce capabilities to meet the growing demand for online shopping. The management expects the demand for its pomegranate products in China to increase markedly, driven by the growing awareness of the health benefits of the fruit. Pomegranates are a rich source of antioxidants, which help to reduce the risk of chronic diseases such as cancer and heart disease. Accordingly, the increased health-consciousness of Chinese consumers is likely to spur the demand for the Group's pomegranate and related products, including but not limited to pomegranate juice, concentrate, and extracts.

The Group will continue to adopt the following business strategies for expansion and growth in FY2023 and beyond:

1. Through the adoption of an 'asset-light' business model to not take on any big-ticket capital expenditure or investment item;

2. Through the diversification in the sale of products and produce (not restricted to pomegranate fruits alone), be it processed or otherwise, to be sourced from within the Group and/or through third parties;

3. Through appropriate cost containment measures to curtail expenses without compromising efficiency; and

4. Through active reach out for new business growth points, such as the establishment of supply chain management platforms or partnership with renown domestic e-commerce platform companies, to spur growth.

Barring any unforeseen circumstances, the Board is confident that the Group's performance for FY2023 will significantly outperform that of FY2022.

ACKNOWLEDGEMENTS

I hereby extend my deepest gratitude to both our management and staff for their unrelenting hard work, dedication, commitment and contributions. I would also like to express my heartfelt thank you to our partners, suppliers and customers for their unwavering support throughout the years. I am equally thankful to my fellow Directors for their invaluable guidance and contributions in helping the Group to overcome the many challenges over the past years.

Last but not least, I am profoundly grateful to you, our steadfast Shareholders, who stood firmly by us through the past years, and look forward to your continued support in making our shared dream come true in FY2023 and beyond.

ZHAI KEBIN
Chief Executive Officer and Executive Chairman

BOARD OF DIRECTORS

ZHAI KEBIN

Chief Executive Officer and Executive Chairman

Mr Zhai Kebin ("**Mr Zhai**") was an Executive Director of the Group from 2001 to 2008. He held various senior leadership positions with several companies in China, including Surbana Land International (China) Pte.Ltd and Hanergy Holding Group Ltd, before re-joining the Group.

Over the years, Mr Zhai had accumulated extensive experience in property, project management and investments.

Mr Zhai holds a Bachelor of Economics from University of International Business and Economics and EMBA from Zhengzhou University.

His last re-election with the Company was on 16 April 2021.

GUO WENJUN

Deputy Chairman and Executive Director

Mr Guo Wenjun ("**Mr Guo**") was appointed the Deputy Chairman and Executive Director of our Group on 29 April 2022 and is responsible for managing and overseeing the overall business strategy and development of the Group. Mr Guo is also the investment director of Beijing Central Reserve Investment Ltd, oversees the management and research of investments. Mr Guo graduated from New York University with major in architecture and urban design.

DONG LINGLING

Executive Director

Ms Dong Lingling (“**Ms Dong**”) joined the Group in 1996 as a Finance Manager and was appointed as the Group’s General Manager on 19 June 2010 and an Executive Director on 29 April 2011. Ms Dong has years of working experience as an accountant in a property company prior to joining 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 16 April 2021.

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. 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.

His last re-election with the Company was on 16 April 2021.

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BOARD OF DIRECTORS

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.

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 29 April 2022.

GUO YINGHUI

Mr Guo Yinghui ("**Mr Guo**") had step down as Chairman of the Board and Executive Director effective from 29 April 2022 and was appointed as Corporate Planning Vice President. 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. 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.

HO KOK WENG

Mr Ho Kok Weng ("**Mr Ho**") joined China Mining International Limited as the Chief Financial Officer in 2019 and is responsible for the finance functions of the Group. Prior to joining the Group, he worked for several multinational and listed companies in a wide range of industries including offshore, electronics, automotive and manufacturing.

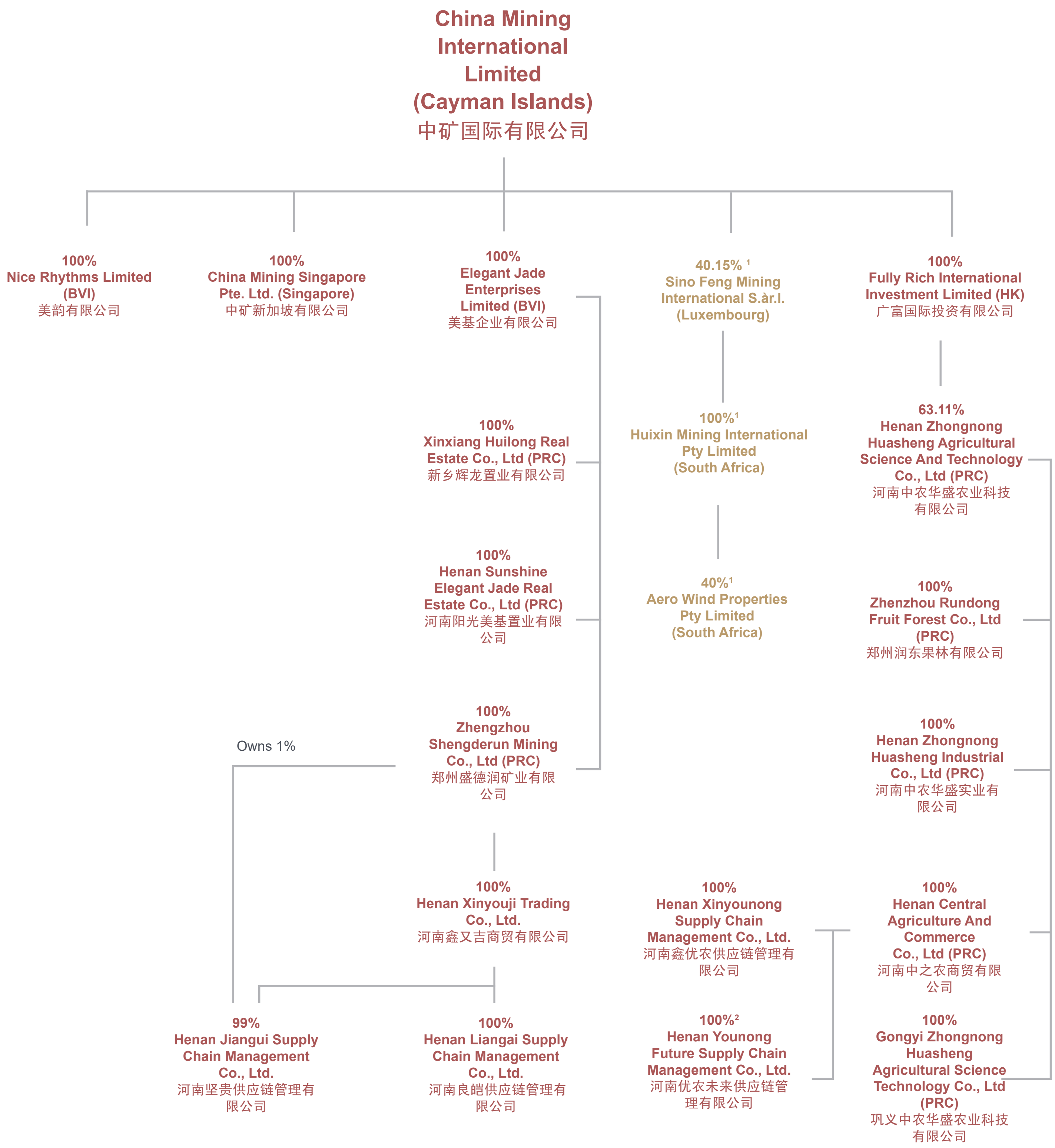
Mr Ho is a fellow member of Association of Chartered Certified Accountants (ACCA) and a member of the Institute of Singapore Chartered Accountants.

ZHANG JUNXIAO

Mr Zhang Junxiao ("**Mr Zhang**") joined the Group as an assistant general manager and was promoted to general manager of Henan Zhongnong Huasheng Agricultural Science and Technology Co., Ltd in April 2022. Mr Zhang is responsible for the operations and sales development of the agriculture business. Before joining the Group, Mr Zhang worked in several real estate companies as project supervisor, marketing manager and held senior marketing positions of various corporations.

Mr Zhang graduated from Henan Institute of Technology, majoring in marketing and strategic planning.

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 "Financial assets at fair value through other comprehensive income" in the Statements of Financial Position (Note 12).

(2) As the joint venture partner 河南嘉友汇网络科技有限公司 had yet to contribute its rightful portion of 30% share capital in 河南优农未来供应链管理有限公司 as at the date of this report, the shareholdings are listed as 100%. Based on the Company's constitution of 河南优农未来供应链管理有限公司, the deadline for the respective paid up share capital is 31 December 2040.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Zhai Kebin, Chief Executive Officer and Executive Chairman
Guo Wenjun, Deputy Chairman and Executive Director
Dong Lingling, Executive Director
Lim Han Boon, Independent Director
Chan Siew Wei, Independent Director

JOINT COMPANY SECRETARIES

Foo Soon Soo
Ho Kok Weng

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

China Office:
China Henan Province, Zheng Zhou City, Jin Shui District, Intersection of Zhong Wang Road and Zheng Guang North Street, Zhong Chuang Building 5 Floor
Postal Code 450000
Email: chinamining@chnmining.cn

AUDIT COMMITTEE

Lim Han Boon, Chairman
Chan Siew Wei
Dong Lingling

NOMINATING COMMITTEE

Lim Han Boon, Chairman
Chan Siew Wei
Zhai Kebin

REMUNERATION COMMITTEE

Chan Siew Wei, Chairman
Lim Han Boon
Zhai Kebin

KEY EXECUTIVES

Guo Yinghui
Ho Kok Weng
Zhang Junxiao

SHARE TRANSFER AGENT'S OFFICE

KCK CorpServe Pte Ltd
One Raffles Place (Tower 2)
1 Raffles Place #04-63
Singapore 048616

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
9 Raffles Place
#19-20
Republic Plaza Tower 2
Singapore 048619
Partner-in-Charge: Alfred Cheong Keng Chuan
Appointed since financial year 2020

PRINCIPAL BANKERS

China Construction Bank Corporation
Zhengzhou Branch

FINANCIAL CONTENTS

CORPORATE GOVERNANCE STATEMENT

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 2018 (the "**Code**"). The Company has complied in all material aspects with the principles and guidelines of the Code as well as the requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**"). Where there are deviations from the Code, explanations have been provided. The Company will continue to improve its systems and corporate governance processes in its compliance with the Code.

BOARD MATTERS

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with the Management for the long-term success of the Company

Provision 1.1
Board's Role

The directors of the Company (the "**Directors**") are fiduciaries who must act objectively in the best interests of the Company and hold the management of the Company (the "**Management**") accountable for performance. The board of Directors of the Company (the "**Board**"), setting an appropriate tone from the top in inculcating the desired organizational culture, has put in place a code of conduct and ethics with a view to ensure proper accountability within the Company and its subsidiaries (the "**Group**"). Any Director facing conflicts of interest is to recuse himself or herself from discussions and decisions involving the issues of conflict.

The primary role of the Board is to protect and enhance the long-term value of the shareholders of the Company (the "**Shareholders**"). To fulfill this role, the Board is responsible for the overall corporate governance of the Company, taking into consideration of sustainability issues, including setting its strategic direction, establishing goals for the Management, monitoring the achievement of these goals to enhance Shareholders' value and establishing a framework of prudence and effective controls which enables risks to be assessed and managed in safeguarding the Shareholders' interests and the Group's assets.

The Board recognizes that, to ensure the sustainability of the business of the Group, the Company 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.

Provision 1.2
Directors' Duties and Responsibilities

All Directors exercise due diligence and independent judgement and make decisions objectively in the best interests of the Company.

The Directors must understand the Group's business as well as their directorship duties (in respect of their respective roles as an Executive Director, a Non-Executive Director and/or an Independent Director). The Company has in place a process of induction, training and development for new and existing Directors.

Orientation, briefings, updates and training for Directors

The Company has in place an orientation process for the Directors. A new incoming Director is issued a formal letter of appointment, setting out his or her 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 program which includes introduction by the Management on the Group's businesses and strategic plans and objectives and site visits. New Director will be briefed by the Nominating Committee (the "**NC**") on his or her director's duties and obligations and be introduced to the Group's business and governance practice, in particular the Company's policies relating to the disclosure of interests in securities; the disclosure of conflicts of interest in transactions involving the Company; the restrictions on dealings in the Company's securities; and the disclosure of price-sensitive and trade-sensitive information.

The incoming Director will meet up with the senior Management and the secretary of the Company (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 the senior Management and the Company Secretary, thereby facilitating Board interaction and independent access to the 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 Directors.

Briefings and updates provided for the Directors in FY2022 include:

(a) Relevant developments in accounting and governance standards by the external auditors of the Company (the "**External Auditors**").

(b) Relevant rules and regulations, including listing rules of the Listing Manual (the "**Listing Rules**") and the guidelines of the Code, by the Company Secretary.

(c) Business and strategic developments of the Group by the Chief Executive Officer of the Company (the "**CEO**").

(d) Key issues and risk management considerations pertaining to the businesses of the Group by the Management.

Where necessary, the Management provided the Directors further explanations, briefings or information on any aspect of the Group's operations or business which needed clarification.

All Directors attended the sustainability training as prescribed by the SGX-ST.

Provision 1.3
Internal Guidelines on Matters Requiring Board Approval

Matters specifically reserved for the Board for approval include:

(a) Business plans and strategy;

(b) Annual budgets (including capital and operating expenditure) and financial plans;

(c) Financial results and related statements;

(d) Material acquisitions and/or divestments;

(e) Investment proposals;

(f) Fund raising proposals; and

(g) Share issuances, share buyback, dividends and/or other returns to the Shareholders.

Provision 1.4
Delegation of Authority to Board Committees

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

These Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The operating procedures require a Board Committee member to disclose his or her interest and recuse himself or herself from discussions and decisions involving a conflict of interest.

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

Please refer to Principles 4 to 10 herein for further information on the composition and activities of the NC, RC and AC.

Provision 1.5
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 in FY2022:

	Board	Audit	Remuneration	Nominating
Number of meetings held	4	4	1	1
Name of Directors	**Number of meetings attended**			
Mr Guo Yinghui[1]	1	N.A.	N.A.	1
Mr Zhai Kebin[2]	4	N.A.	N.A.	N.A.
Ms Dong Lingling	4	N.A.	N.A.	N.A.
Mr Lim Han Boon	4	4	1	1
Mr Chan Siew Wei	4	4	1	N.A.
Mr Ning Jincheng[3]	1	1	1	1
Mr Guo Wenjun[4]	3	N.A.	N.A.	N.A.

[1] Mr Guo Yinghui retired as Chairman of the Board and Executive Director effective from 29 April 2022.

[2] Mr Zhai Kebin replaced Mr Guo Yinghui as Chairman of the Board effective from 29 April 2022.

[3] Mr Ning Jincheng retired as Director and ceased as Chairman of the NC and member of both the AC and RC effective from 29 April 2022.

[4] Mr Guo Wenjun was appointed Director and Deputy Chairman effective from 29 April 2022.

N.A. denotes "Not applicable"

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.

Provisions 1.6 and 1.7
Board's Access to Management, Company Secretary and External Advisers

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. The Management is available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or through assistance provided by external consultants engaged on specific projects. The Board has unrestricted access to the Management and the Group's records and information.

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

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

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 his or her duties and responsibilities as a Director.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Provision 2.1
Independence of Directors

As at the date of this 2022 Annual Report, the Board of Directors comprises five members, of whom two are independent.

	Board appointments				
	Executive Director	Independent Director	Audit Committee	Nominating Committee	Remuneration Committee
Mr Zhai Kebin (Chairman & CEO)	*			Member	Member
Mr Guo Wenjun (Deputy Chairman)	*				
Ms Dong Lingling	*		Member		
Mr Lim Han Boon		*	Chairman	Chairman	Member
Mr Chan Siew Wei		*	Member	Member	Chairman

The criteria for independence are based on the definition given in the Code and the Listing Manual. The Code has defined an "Independent Director" as one who is independent in conduct, character and judgement and who has no relationship with the Company, its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment for the best interests of the Company. Under the Listing Rules, an Independent Director is not one who is or has been employed by the Company or any of its related corporations for the current or any of the past three financial years; or not one who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC.

The independence of each Independent Director is also reviewed annually by the NC. Each Independent Director has provided a declaration of his independence which is reviewed by the NC. Mr Lim Han Boon and Mr Chan Siew Wei have confirmed that they have no association with the Company, its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment. Mr Lim and Mr Chan each have abstained from the NC's and Board's deliberations of their respective independence.

Under new Listing Rule 210(5)(d)(iv) effective from 11 January 2023 and Transitional Arrangements relating to the Listing Rules, an independent director of the Company who has been a director for an aggregate period of more than nine years may continue to be considered independent until the conclusion of the AGM for the financial year ending on or after 31 December 2023. Mr Lim Han Boon and Mr Chan Siew Wei have each served the Board for more than nine years and hence will cease as Independent Directors and be designated Non-Executive Directors upon the conclusion of the Company's AGM in 2024 in respect of the financial year ending 31 December 2023. The Board will be seeking new independent directors to ensure compliance with the Listing Rules.

Details of the qualifications and experience of the Independent Directors are presented in the section entitled "Board of Directors" of this 2022 Annual Report.

Provisions 2.2 and 2.3
Composition of Independent Directors and Non-Executive Directors on the Board

Under the Listing Rule, the Independent Directors should make up one-third of the Board. The present composition of the Board complies with the Listing Rules.

Under Provision 2.2 of the Code, the Independent Directors should make up a majority of the Board where the Chairman is not an Independent Director. Under Provision 2.3 of the Code, the Non-Executive Directors should make up a majority of the Board.

The Board comprises two Independent and Non-Executive Directors out of five Directors. While the composition of the Board does not comply with Provisions 2.2 and 2.3, the NC and the Board are of the view that there is still sufficient independence element within the Board as the Board is small and the two Independent Directors made up two-fifth which is more than one-third of the Board. The Independent Directors have demonstrated throughout their tenure on the Board that they act with objectivity and candour and will not hesitate to check on the authority and power within the Board. In addition, the NC, AC and RC, which assist the Board in its functions, are each chaired by an Independent Director. The NC and Board considers that there is adequate level of independence for the time being which is not inconsistent with Principle 2. In anticipation of the stepping down of Mr Lim Han Boon and Mr Chan Siew Wei as Independent Directors from the Board in due course, the Board is reviewing its composition to include new Independent Directors.

Provision 2.4
Composition and Size of the Board

The Company has in place a Board Diversity Policy, which endorses the principle that its Board should have a balance of skill, knowledge, experience and diversity of perspectives to ensure effective decision making and governance of the Company and its businesses.

The Board comprises five members. The NC has reviewed the Board's composition and is of the view that the current Board members comprise experienced persons and who provide the Board with an adequate balance of core competencies on accounting, finance and business management. Taking into account the scope and nature of the operations of the Group and the requirements of the business, the NC views that the current size of the Board and the current Directors, with their diversity of skills and experience, will be able to collectively ensure the effective functioning and informed decision-making of the Board.

The NC recognizes the merits of gender diversity in relation to the composition of the Board. The Board presently has one female Director. Given the current size of the Board and the nature of the Group's business at present, the Board does not propose to set specific measurable quantitive diversity target. In accordance with the Board Diversity Policy, the Board seeks a balance of skill, knowledge, experience and diversity of perspectives to meet the needs and strategies of the Board and the Group. In the Board's view, as and when new appointment of director is considered, the Board will seek the candidate of the right fit to meet the then current needs and future plans of the Group's businesses at that relevant time. The Board does not intend, pursuant to the Board Diversity Policy, to appoint persons as directors by reason of their age or gender as token representatives on the Board or simply to meet quotas. As mentioned under Provisions 2.2 and 2.3, the Board is reviewing its composition to include new Independent Directors in optimising the size and the diversity of the Board. Any progress made towards achieving board diversity will be disclosed as appropriate. The Board believes that the intent of Rule 710A(2) of the Listing Manual has been met.

Detailed description of the Directors' background and experience are disclosed under the "Board of Directors" section of the 2022 Annual Report.

Provision 2.5
Role of Non-Executive Directors

During FY2022, the Non-Executive Directors, who are all Independent Directors, constructively challenge and help develop both the Group's short-term and long-term business strategies. The Management's progress and performance in implementing such agreed business strategies are monitored by the Non-Executive Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making

Provision 3.1
Separate Roles of the Chairman and Managing Director

Mr Guo Yinghui was the Executive Chairman of the Company until his retirement effective from 29 April 2022. He was replaced by Mr Zhai Kebin effective from 29 April 2022. Mr Zhai Kebin is also the CEO of the Company. While Mr Zhai is both the Chairman and CEO, both roles are separate and distinct. The Chairman leads the Board and is responsible for the leadership of the Board, setting its agenda and ensuring the exercises of control over the quality, quantity and timeliness of information flow between the Board and the Management.

The CEO sets the business strategies and directions for the Group and manages the business operations of the Group. He is supported by the other Executive Directors and other Management staff.

The Board recognises the Code's recommendation that the Chairman and the Chief Executive Officer should be separate persons to ensure an appropriate balance of power and authority, increased accountability, and greater capacity of the Board for independent decision making. Mr Zhai's roles as Chairman and CEO are distinct and separate. Mr Zhai consults with the Board on major issues. Decisions by the Board are based on collective decisions of the Directors. A Director is required to abstain from voting on any Board matter related to him or her or where there is a conflict or potential conflict of interest. The two Independent Directors, comprising two-fifth of the Board, have demonstrated and will continue to demonstrate the exercise of their independence to ensure that all Board deliberations and decisions are made in the interest of the Company and the Group. The Board believes that the intent of Principle 3 of the Code has been met.

Provision 3.2
Roles and Responsibilities of the Chairman

The overall role of the Chairman is to lead and ensure the effectiveness of the Board. Specifically, the role includes:

(a) Promoting a culture of openness and debate at the Board;

(b) Facilitating the effective contribution of all Directors;

(c) Promoting high standards of corporate governance; and

(d) Ensuring effective communication with the Shareholders and other stakeholders.

Provision 3.3
Lead Independent Director

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

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board

Provisions 4.1 and 4.2
Nominating Committee

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

Mr Lim Han Boon	Chairman	Independent Director
Mr Chan Siew Wei	Member	Independent Director
Mr Zhai Kebin	Member	Executive Director

The primary functions of the NC are to determine the criteria for identifying candidates and reviewing nominations for the appointment of Directors to the Board in ensuring that the process of Board appointments and re-nominations are transparent; to assess the effectiveness of the Board as a whole; and to affirm annually the independence of the Directors.

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

(a) To review succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key Management personnel;

(b) To recommend to the Board on all board appointments, re-appointments and re-election of Directors;

(c) To assess the independence of the Independent Directors;

(d) To develop a process for the evaluation of the performance of the Board, its Committees and Directors, and undertake assessment of the effectiveness of the Board, the Board Committees and the individual Directors; and

(e) To review training and professional development programs for the Board and its Directors.

Provision 4.3
Process for the Selection and Appointment of New Directors

The Company has in place the policy and procedures for the appointment of new Directors to the Board, ensuring that the process of Board appointments and re-nominations are transparent.

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 need of any 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 potential director can add to or complement the mix of skills and qualifications of the existing Board; the relevance of his or her experience and contributions to the business of the Group; and the depth and breadth he or she could bring to the Board for discussions. Candidates are sourced through a network of contacts and identified based on established criteria. Search can be made through relevant institutions such as the Singapore Institute of Directors ("SID"), professional organizations, 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 constitution of the Company requires the Directors to submit themselves for re-election at regular intervals of at least once every three years. There is presently no Director due to retire pursuant to the Company's constitution.

Provision 4.4
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 Provision 2.1 above.

Provision 4.5
Multiple Board Representations

The NC is of the view that it is inappropriate to set a limit on the number of listed company directorship that a Director may hold. This is because Directors have different capabilities, and the nature of the organizations 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 directorships he or she could hold and serve effectively.

The NC has considered the multiple directorships of some Directors, as shown in the section entitled "Board of Directors" of this 2022 Annual Report. The NC has also considered the Directors' principal commitments and their contribution to the Board. The NC is satisfied that the Directors spent adequate time on the Group's affairs and have duly discharged their duties.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors

Provisions 5.1 and 5.2
Conduct of Board Performance

The NC has established a formal evaluation process to assess the effectiveness of the Board as a whole and the contribution of individual Directors to the effectiveness of the Board.

- Evaluation of the Board

  The NC reviews the Board's performance evaluation criteria. The performance criteria for Board evaluation includes governance, leadership and strategy, control and risk management, Board process, Board accountability, communication with the Management and engagement with shareholders and investors. The performance criteria have not changed from previous years.

The NC will conduct the evaluation via a questionnaire which is completed by each Director for the evaluation of the Board. The Company Secretary compiles the Directors' responses into a consolidated summary report which was discussed at the NC meeting with a view to implement certain recommendations if applicable to further enhance the effectiveness of the Board.

The NC will review the performance of the Board against the above criteria and its overall performance in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year under review.

- Evaluation of Board Committees

  The performance of the Board Committees are evaluated against their terms of reference and the objectivity and independence in their deliberations and recommendations they presented to the Board.

- Evaluation of individual Directors

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

  For FY2022 and in respect of the Directors with multiple board representations, the NC has evaluated to ensure that the Director concerned is able to carry out and has been adequately carrying out his or her duties as a Director of the Company.

  For FY2022, The NC has reviewed the Directors' evaluations of the Board 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. The Board is satisfied that each Director has allocated sufficient time and resources to the affairs of the Group.

  No external facilitator was used in the evaluation process.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual directors and key Management personnel. No Director is involved in deciding his or her own remuneration

Provisions 6.1 and 6.2
Remuneration Committee

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

Mr Chan Siew Wei	Chairman	Independent Director
Mr Lim Han Boon	Member	Independent Director
Mr Zhai Kebin	Member	Executive Director

The RC Chairman is an Independent Director. The Independent Directors believe that the RC benefits from the experiences and expertise of the Executive Director, Mr Zhai Kebin. The Independent Directors are of the view that retaining an RC member who is also in an executive position is beneficial and will foster constructive discussions in proposing the executives' remuneration to the Board. The observation of Mr Zhai, who is the Chairman and CEO of the Company and has better understanding of the job duties of executives, is valuable to ensure that the remuneration packages commensurate with the job scope and level of responsibilities of each of the executives.

Retaining an RC member who is also in an executive position will not lead to a conflict of interest or impede the independence of the RC as any concerned Director or member of the RC, apart from not being allowed to participate in the deliberation, has also to abstain from voting on any resolution relating to his/her own remuneration or that of the employees related to him or her. The Independent Directors view that the RC, in its present structure, can continue to assist the Board with formal and transparent procedures for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual Directors and key Management personnel which is consistent with Principle 6 of the Code. As mentioned under Provisions 2.2 and 2.3, the Board is reviewing its composition to include new Independent Directors and also with a view to strengthen the composition of the RC.

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 Management personnel of the Group;

(b) To determine specific remuneration packages for each Executive Director as well as key Management personnel;

(c) To review the appropriateness of compensation for Non-Executive Directors; and

(d) To review the remuneration of employees occupying managerial positions who are related to any Director and/or substantial Shareholder.

Provision 6.3
Review of Remuneration

All aspects of remuneration, including but not limited to the 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 or her remuneration package. The recommendations of the RC will be submitted to the Board for endorsement.

The RC also reviews the Company's obligations arising in the event of termination of service of the Executive Directors and key Management personnel. Each of the Executive Directors and key Management personnel has an employment contract with a company of the Group which can be terminated by either party giving a notice of resignation/termination. Each appointment is on an ongoing basis, and no onerous or over-generous removal clauses are contained in any letter of employment.

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

Provision 6.4
Engagement of Remuneration Consultants

The RC is provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company. For FY2022, the RC did not engage any expert professional advice.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key Management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company

Provision 7.1:
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 do not receive any Director's fee. 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 Group's performance and secondly on the contribution of the personnel in question to the performance of the Group.

The remuneration of the Executive Directors and key Management personnel is structured so as to link rewards to corporate and individual performance and is aligned with the risk policies of the Group and interests of the Shareholders in promoting the long-term success of the Group.

The performance of the Executive Directors (together with other key Management personnel) is reviewed periodically by the RC and the Board.

Provision 7.2
Remuneration of Non-Executive Directors

The Non-Executive Directors are Independent Directors who have no service contract and are compensated based on their level of contributions, taking into account of factors such as responsibilities, effort and time spent for serving on the Board.

The Independent Directors receive Directors' fees in accordance with their level of contributions, taking into account of factors such as effort and time spent, as well as the responsibilities and obligations of the Directors. The Company recognizes the need to pay competitive fees to attract, motivate and retain Directors without being excessive and thereby maximizing Shareholders' value. The Directors' fees are recommended by the Board for approval by the Shareholders at the AGM. The Executive Directors do not receive Directors' fees but are remunerated in a similar manner as the members of the Management.

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 so as to compromise their independence.

The Company will submit the quantum of the Directors' fees of each financial year to the Shareholders for approval at each AGM.

Provision 7.3
Appropriate Remuneration to Attract, Retain and Motivate Key Management Personnel and Directors

The RC is satisfied that the remuneration structure of the Executive Directors and key Management personnel (as described under Provision 7.1) and of the Non-Executive Directors (as described under Provision 7.2) are appropriate to attract, retain and motivate the Directors to continue in their roles as stewards of the Company and the key Management personnel to contribute to the performance of the Group.

DISCLOSURE ON REMUNERATION

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation

Provision 8.1
Remuneration Report

Remuneration of Executive Directors and CEO

The following table shows a breakdown of the annual remuneration paid or payable to each of the Directors and CEO for FY2022:

Remuneration Band	Director's Fee %	Salary %	Bonus %	Other Benefits %	Total %
Up to S$250,000					
Directors					
Mr Guo Yinghui[1]	–	96	–	4	100
Ms Dong Lingling	–	98	–	2	100
Mr Lim Han Boon	100	–	–	–	100
Mr Ning Jincheng[2]	100	–	–	–	100
Mr Chan Siew Wei	100	–	–	–	100
Mr Guo Wenjun[3]	–	99	–	1	100
CEO & Executive Chairman					
Mr Zhai Kebin[4]	–	98	–	2	100

1 Mr Guo Yinghui retired as Chairman of the Board and Executive Director effective from 29 April 2022.

2 Mr Ning Jincheng retired as Director and ceased as Chairman of the NC and member of both the AC and RC effective from 29 April 2022.

3 Mr Guo Wenjun was appointed Director and Deputy Chairman effective from 29 April 2022.

4 Mr Zhai Kebin replaced Mr Guo Yinghui as Chairman of the Board effective from 29 April 2022.

The Executive Directors, who sit on the Board, hold executive positions in the Group's key subsidiaries in China. There is no requirement for corporations in China to disclose the detailed remuneration of individual directors and executives. As such detailed disclosures in Singapore would affect the confidentiality of the Executive Directors' remuneration in China, the Chinese subsidiaries concerned would then be put in a position of unequal treatment concerning the confidentiality of their employees' remuneration and their executives who are on the Board would then 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 disadvantaged to the Group to detail the remuneration of the Executive Directors.

While the exact remuneration of the Executive Directors is not given, the level and composition of the Executive Directors' remuneration packages expressed in percentage terms are provided above. The Company believes that such disclosure will balance the interest of the Company and provide Shareholders with an adequate appreciation of the Executive Director's remuneration packages and is consistent with the intent of Principle 8 of the Code.

Each of the Independent Directors' remuneration comprises wholly Directors' fee of not more than S$250,000.

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

The following table shows the remuneration of the top three key Management executives of the Group for FY2022:

Remuneration Band and Name	Salary %	Bonus %	Other benefits %	Total %
Up to S$250,000				
Mr Guo Yinghui	96	–	4	100
Mr Ho Kok Weng	100	–	–	100
Mr Zhang Junxiao	95	–	5	100

The key Management of the Group comprised three personnel, who are not the Directors or CEO of the Company, as disclosed in the key section entitled “Key Management” of this 2022 Annual Report.

The aggregate remuneration paid to these top three key Management personnel amounted to RMB1,360,893 for FY2022.

Provision 8.2
Remuneration of Employees who are Substantial Shareholders or Immediate Family Members of a Substantial Shareholder, Director or the CEO

For FY2022, other than Mr Guo Yinghui, a substantial shareholder of the Company, and Mr Guo Wenjun, a son of Mr Guo Yinghui, whose remuneration is disclosed above, there is no immediate family member of any substantial Shareholder or Director employed within the Group whose annual remuneration exceeds S$100,000.

Provision 8.3
Employee Share Scheme

The Company does not have any share incentive schemes for its employees. The RC has reviewed and is satisfied that the existing remuneration structure of the Management personnel and executives, paid out in cash, would continue to be adequate in incentivizing performance without being over-excessive. For the other staff, the general preference is also to reward them in cash.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard 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

Provision 9.1
Risk Management and Internal Controls System

The Board reviews the Group’s business and operational activities to identify areas of significant business risks 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 the External Auditors. The Board oversees the Management’s implementation of the risk management and internal controls system. The Board is also responsible for the governance of risk management and, in consultation with the External Auditors and the AC, the determination of the Group’s levels of risk tolerance and risk policies.

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

The AC assists the Board in its 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. Having considered the Group’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.

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 covers aspects which include revenue and cash management; procurement; tenancy management; IT general controls; financial preparation; as well as human resource and payroll controls, and any material findings uncovered therefrom are thereafter presented to the AC.

As part of the external audit plan, the External Auditors also review 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 by the External Auditors in this respect.

Provision 9.2:
Assurance from CEO and CFO

The Board and the AC have received the following written assurances:

(a) From the CEO and the Chief Financial Officer ("**CFO**") that the financial records of the Group had been properly maintained and the financial statements for FY2022 gave a true and fair view of the Group's operations and finances; and

(b) From the CEO and Acting Risk Controller of the Group that the risk management and internal control systems in place within the Group were adequate and effective in addressing the material risks of the Group in its current business environment, including material financial, operational, compliance and information technology risks.

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, CFO and Acting Risk Controller, the Board is 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 2022. Based on its review of the internal controls and assurances received from the CEO, CFO and Acting Risk Controller, the AC concurred with the Board's opinion.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively

Provisions 10.1 and 10.2
AC Membership

As at the date of this report, the AC comprises three members, of whom two, including the Chairman of the AC, are independent:

Mr Lim Han Boon	Chairman	Independent Director
Mr Chan Siew Wei	Member	Independent Director
Ms Dong Lingling	Member	Executive Director

The chairman of the AC is an Independent Director. The Independent Directors believe that the AC benefits from Ms Dong Lingling's experiences and expertise in the business and operations of the Group in carrying out its functions effectively. Retaining an AC member who is also in an executive position will not lead to a conflict of interest or impede the independence of the AC as any concerned Director or member of the AC, apart from not being allowed to participate in the deliberation, has also to abstain from voting on any resolution that relates to matter concerning him or her (which is consistent with the resolution in addressing a situation where there is a conflict or potential conflict), and such will not affect the Board or AC in carrying out the purposes set out in Principle 9 of the Code. As mentioned under Provisions 2.2 and 2.3, the Board is reviewing its composition to include new Independent Directors and also with a view to strengthen the composition of the AC.

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

  The Chairman of the AC, Mr Lim Han Boon, was a fellow member of the Institute of Singapore Chartered Accountants while Mr Chan Siew Wei, an AC member, is an existing fellow member of the Institute of Singapore Chartered Accountants. Ms Dong holds an Accounting Degree from Henan Caijin University and had many years of finance and accounting experience. All the members of the AC have many years of experience in business management and finance services. The members of the AC also received updates to the accounting standards through briefings from the External Auditors. The Board is satisfied that members of the AC have the relevant accounting or related financial management expertise or experience to discharge the AC's functions.

- 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 latter's audit plan, the system of internal accounting controls of the Group, the audit report and the management letter (including the corresponding response from the Management);

  (b) To review the co-operation given by the officers and staff of the Group to the External Auditors;

  (c) To review significant financial reporting issues and judgements in ensuring the integrity of the financial statements of the Company and the Group and any announcements relating thereto;

  (d) To review the internal controls and procedures (in ensuring co-ordination between the External Auditors and the Management) and the assistance given by the Management to the External Auditors on 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 the Management, where necessary);

  (e) To review and discuss 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 thereof;

  (f) To review the assurance from the CEO and the CFO on the financial records and financial statements of the Company and the Group;

  (g) To review, at least annually, the adequacy and effectiveness of the Company's internal controls and risk management systems;

  (h) 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;

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

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

  (k) To review policy or arrangement concerning possible improprieties in financial reporting or other matters to be safely raised;

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

  (m) To undertake such other functions and duties as may be required by the statute or the Listing Manual, or by such amendments as may be made thereto from time to time.

  The External Auditors had identified the key audit matters ("**KAMs**") in respect of the statutory audit of the Company and the Group for FY2022 and had set out the work they performed to ensure the accounting in respect of the KAMs are in accordance with accounting standards. The AC considered the appropriateness of the External Auditors' work and findings and concurred with the External Auditors.

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 has been given reasonable resources to enable it to discharge its functions.

- Independence of External Auditors

  The AC reviews the independence of Crowe Horwath First Trust LLP ("**Crowe Horwath**"), the External Auditors annually. The AC had reviewed the audit fees of S$240,000 for FY2022 (FY2021: S$165,000). There were no non-audit fees paid to the External Auditors in FY2022 and in the previous year. The AC was satisfied that there were no non-audit services and fees to prejudice the independence and objectivity of the External Auditors. The AC recommended that Crowe Horwath 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 the Group companies, the AC is satisfied that the Company has complied with Rules 712 and 715 of the Listing Manual in engaging Crowe Horwath as the External Auditors of the Company. Crowe Horwath is registered with the Accounting and Corporate Regulatory Authority. The Company's sole subsidiary in Singapore and non-significant foreign subsidiaries are not required to be audited. The Company has no associated company. The Company's External Auditors, Crowe Horwath, have audited the Group's significant foreign subsidiaries for the purpose of expressing an opinion on the consolidated financial statements.

- Whistle-blowing Policy

  The AC is responsible for oversight and monitoring of whistleblowing matters.

  The Company has in place several channels for whistleblower to raise concerns to the AC.

  All whistleblowing reports will be handled confidentially. The identity of the whistleblower making the allegation will be kept confidential and confined to disclosures on a need-to-know basis to the AC, the investigating team, the Board of Directors of the Company; and any party to whom the identity of the whistleblower is required to be disclosed by law.

  Investigation to be carried out on a whistleblowing report will be referred to the AC who shall nominate an independent investigation team to conduct the investigation. All members of the investigation team shall be independent and conduct the investigation impartially. Depending on the nature of the whistleblowing matter or information provided, the investigation team (upon approval from the AC) may consult external professionals with relevant knowledge or experience to assist with the investigation. Based on the outcome of the investigation, the AC shall decide on the appropriate action.

  The Company will not tolerate the harassment or victimisation of anyone reporting a genuine concern. If the whistleblower has suffered adverse treatment, harassment or victimisation as a result of his or her disclosure, he or she should submit a formal complaint under the grievance procedure to the Human Resource Manager and any higher authority, as appropriate. An investigation may take place and disciplinary action may be taken against any person who attempts to: impede, prevent, or obstruct a whistleblowing report from being made or an investigation from being carried out; harass or victimise the whistleblower; or subject the Whistleblower to detrimental or unfair treatment.

  Details of the whistleblowing policy and related arrangement are conveyed during staff orientation as part of the Group's efforts to provide a trusted avenue for employees to report serious misconduct, malpractice or concerns, particularly in relation to fraud, controls or ethics.

Provision 10.3
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.

Provision 10.4
Internal Audit Function

The Group did not engage any internal auditors for FY2022. The Group's accounts department handles the internal audit function to review the internal controls, risk management and compliance systems of the Group, and reports findings and makes recommendations directly to the Chairman of the AC on all internal audit matters and to the CEO on all administrative matters.

The Company will outsource its internal audit function to an external consultancy firm as and when it is needed. Having regard to the scope and nature of the Group's current operations, the AC and the Board are of the opinion that the current system of internal controls in place is adequate to mitigate normal operational risks.

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 External Auditors' recommendations raised during the audit process, if any. The AC is generally satisfied with the independence, adequacy, and effectiveness of the current arrangement, and will continue to assess its effectiveness regularly.

Provision 10.5
Meeting with External and Internal Auditors without Presence of Management

During FY2022, the AC had met with the External Auditors without the presence of the Management to review any area of audit concern. Ad-hoc meetings by the AC with the External Auditors may be carried out from time to time as dictated by circumstances.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 11: The Company treats all Shareholders fairly and equitably in order to enable them to exercise Shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives Shareholders a balanced and understandable assessment of its performance, position and prospects

Provision 11.1
Providing Opportunity for Shareholders to Participate and Vote at General Meetings

The Company's AGMs are the principal forums for dialogue with the Shareholders. At the AGM, Shareholders are given the opportunities to express their views and ask the Board and the Management questions regarding the affairs of the Group.

The Company is governed by the Companies Law of the Cayman Islands, which recognizes only persons who hold shares registered in their names in the register of members (the "**Registered Members**") as their members. The Central Depository (Pte) Limited ("**CDP**") is a Registered Member. Though the depositors who hold the Company's shares via CDP (the "**Depositors**") are not Registered Members, they are accorded the rights of members to attend and vote at general meetings of the Company as CDP's proxies in the Company's Constitution and the right to appoint sub-proxies to attend and vote in their stead. Shareholders, be it the Registered Members or the Depositors, are encouraged to attend the AGMs and Extraordinary General Meetings ("**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. However, in view of the ongoing COVID-19 pandemic, the Notice of AGM for FY2022 will not be distributed to the Shareholders but will be made available for viewing at the Company's corporate website at http://www.chinamining-international.com and via SGXNET at least 14 days before the coming AGM.

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 to 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.

Provision 11.2
Separate Resolutions at General Meetings

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

Provision 11.3
Attendance of Directors and auditors at general meetings

In 2022, the Company held two general meetings which comprised an AGM and an EGM. The Directors, including the chairpersons of each of the Board Committees, were present at the meetings. The External Auditors were also present at the AGM.

Provision 11.4
Absentia Voting

The Company's Constitution allows a Shareholder (including a nominee company) who is unable to attend a meeting 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. However as mentioned in Provision 11.1, Depositors who hold the Company's shares via CDP (though are not Registered Members), are accorded the rights of members to attend and vote at general meetings of the Company as CDP's proxies in the Company's Constitution, and if they are not able to attend a meeting, they have the right to appoint sub-proxies to attend and vote in their stead.

Provision 11.5
Minutes of General Meetings

The Company prepares minutes of general meetings detailing the proceedings and questions raised by Shareholders and answers given by the Board and the Management. The minutes will be taken and published in the Company's corporate website at http://www.chinamining-international.com, and through SGXNET.

Provision 11.6
Dividend Policy

For FY2022, no dividend was declared or recommended due to the performance of the Group. The Company does not have a policy on payment of dividend. In proposing any dividend payment, the Board will consider the level of cash balance of the Group, its performance and projected capital expenditure and investments required.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The Company communicates regularly with its Shareholders and facilitates the participation of Shareholders during general meetings and other dialogues to allow Shareholders to communicate their views on various matters affecting the Company

Provision 12.1
Avenues for Communication between the Board and Shareholders

The Company communicates with its Shareholders and the investment community through the timely release of financial statements and announcements to the SGX-ST via SGXNET. Annual Reports are distributed to Shareholders at least 14 days before each AGM. However, in view of the ongoing COVID-19 pandemic, the 2022 Annual Reports will not be distributed to the Shareholders but will be made available for viewing at the Company's corporate website at http://www.chinamining-international.com and via SGXNET at least 14 days before the coming AGM.

In accordance with the Listing Rules, it is the Board's policy 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 any price sensitive or trade-sensitive information is publicly released on an immediate basis where required under the Listing Rules.

The Group supports and encourages active Shareholders' 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 on the Company website. The Company's Constitution allows the appointment of proxies by Registered Members and the appointment of sub-proxies by Depositors (as mentioned in Provision 11.1) to attend general meetings and vote on their behalf.

Due to the COVID-19 situation, the AGMs in 2021 and 2022 were held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Order**"). For Shareholders who could not attend the meeting in person, alternative arrangement was made for them to attend virtually via live audio-visual webcast or live audio only stream. Shareholders were allowed to vote by submitting proxy forms appointing the Chairman of the meeting as their proxy. Shareholders were requested to submit their questions ahead of the meetings. Questions raised by the Shareholders were addressed ahead of the meetings and published on the Company's corporate website and on SGXNET.

The Order will remain in force up to 30 June 2023. The Company will conduct the forthcoming AGM by electronic means pursuant to the Order with enhancements to allow Shareholders to appoint their proxies other than the Chairman of the AGM, although they can still opt to appoint the Chairman of the AGM as their proxy. The Shareholders and their appointed proxies are allowed to vote "live" online at the AGM and to ask questions "live" online at the AGM. Shareholders can also submit their questions ahead of the AGM. Substantive and relevant questions will be addressed at the AGM.

Provisions 12.2 and 12.3
Investor Relations

The Company's investor relation policy is to communicate with its Shareholders and the investment community through the timely release of announcements to the SGX-ST via SGXNET and to ensure equal dissemination of information to all Shareholders and investors.

The Company's website allows Shareholders, investors and the public to have access to information on the Group, including the Company's announcements made to the SGX-ST on the Company's website at http://www.chinamining-international.com.

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served

Provisions 13.1 and 13.2
Engage with its Material Stakeholder Groups

The Group's material stakeholders are its Shareholders, customers, employees, business partners and the community and the Company engages with them through its sustainability initiatives as set out in its Sustainability Report for FY2022 contained in this 2022 Annual Report. Please refer to the Sustainability Report for FY2022 for details. In compliance with new Listing Rules that take effect from 1 January 2022, the sustainability reporting process will be subject to internal review. All the Directors have undergone training on sustainability matters as prescribed by the SGX-ST. The Directors will continue to undergo training on sustainability matters to keep themselves updated as and when appropriate.

Provision 13.3
Corporate Website to Communicate and Engage with Stakeholders

The Group maintains a corporate website at http://www.chinamining-international.com which stakeholders can access information on the Group. The website provides, inter alia, corporate announcements, press releases and profiles of the Group.

OTHER CORPORATE GOVERNANCE MATTERS

INTERESTED PERSONS TRANSACTIONS

When a potential conflict of interest arises, the Director concerned does not participate in any related 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 any company of 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 enters 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 for FY2022 is set out as follows:

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

DEALINGS IN SECURITIES

The Company has in place a policy prohibiting share dealings by the Company, Directors and employees of the Group one month before the announcement of its half year and full year unaudited financial statements.

All Directors and employees of the Group who are in possession of any unpublished material price-sensitive or trade-sensitive information of the Group should not deal in the Company's securities. The Directors and employees are expected to observe the insider trading laws at all times, even when dealing in the securities of the Company within the permitted trading period.

1. About this Report

This Report ("Sustainability Report") provides an overview of China Mining International Limited (the "Company") and its subsidiaries (the "Group") in terms of sustainability initiatives and demonstrates its dedication to incorporating sustainability factors into its long-term strategic planning.

The Group has published its Sustainability Report annually since 2018 as part of its Annual Report. This Report is prepared with reference to the guidelines of the Global Reporting Initiative ("GRI") and provides a detailed account of the Group's approaches and efforts for managing its Environmental, Social, and Governance ("ESG") impacts.

In line with the Singapore Exchange's Listing Rule 711B, this Report focuses on material ESG factors and offers a transparent understanding of how the Group addresses sustainability issues within its operations.

1.1 Corporate Profile

China Mining International Limited is a Public Limited Company domiciled and incorporated in Cayman Islands and is listed on the Main Board of Singapore Exchange Securities Trading Limited ("SGXST"). Its headquarters are located at Henan Province, the People's Republic of China ("PRC").

With its newly acquired agricultural business, the Group is currently active in the agriculture and trading sectors. Investments in the mining and real estate industries are part of the investment segment. The Group's agriculture section is involved in pomegranate plantations and cultivation, as well as trading, distributing, importing, and exporting agricultural products and goods connected to agriculture.

1.2 Board's Statement

The Board of Directors' commitment to sustainability reporting aligns with the Group's values to operate as a responsible corporation. The Board believes that by integrating sustainability into business practices, the Group can create value for all its stakeholders while minimising our negative impact on the environment and society.

The Board maintains oversight over the management and monitoring of the material ESG factors by participating in the identification of material ESG factors. This is performed by taking into consideration the relevance of such factors to the business strategy, business model and key stakeholders of the Group as per the GRI reporting framework. The Board also participates on the annual review on material issues to ensure relevance over time.

The Board is committed to providing transparent and accurate sustainability reporting, including sharing the Company's progress, successes, and challenges. This approach fosters trust, improves stakeholder engagement, and enhances the Group's reputation as a responsible corporation.

2. Sustainability at China Mining International Limited

The Group upholds sustainability as a fundamental operating principle and has implemented a balanced approach towards achieving it by paying close attention to its ESG elements. This approach incorporates the principles of resource efficiency, minimal use of pesticides, prioritisation of the workforce's productivity, health, and well-being, adherence to relevant regulations, and implementation of a comprehensive system to manage operational and corporate risks.

To ensure a structured approach to sustainability efforts, the Group has established a comprehensive reporting framework. This framework serves as a basis for engagement with stakeholders and materiality analysis. Through stakeholder mapping, the Group has identified eight significant stakeholder groups essential to its sustainability context. The Materiality section of this report thoroughly examines the various material challenges relating to each stakeholder group.

The Sustainability Reporting framework is designed to incorporate stakeholders' requirements and perspectives when making sustainability decisions. The Group's focus on materiality and stakeholder engagement enables it to prioritise sustainability initiatives and track progress over time continually. The Group is committed to transparency and continuous development, as reflected in its ongoing efforts to refine and improve the sustainability reporting framework to effectively guide its sustainability initiatives.

The Group aims to improve social and economic conditions in the communities where it operates while making the environment more sustainable.

2.1 Feedback

The Group believes that feedback loops facilitate the development of constructive and productive long-term relationships. Soliciting stakeholders' opinions is essential in improving our performance, quality and customer satisfaction.

Through this section, we invite our stakeholders to offer their opinions, suggestions, and recommendations regarding our sustainability initiatives. Our future sustainability initiatives will be informed by your feedback and will help us better comprehend your needs and expectations. We are committed to being open and receptive to your feedback in enhancing our sustainability practices.

You can provide feedback via email at heguorong@chnmining.cn.

We appreciate your support and partnership. We look forward to hearing from you.

2.2 Reporting Framework, Period and Scope

2.2.1 Reporting Period

This Sustainability Report presents data and pertinent business activities of the Group for the Financial Year 2022 ("FY2022"), covering the period from 1 January 2022 to 31 December 2022. The Report highlights the Group's economic, environmental, social, and governance activities and initiatives.

2.2.2 Reporting Framework and Scope

This Report is the first Sustainability Report published by the Group in relation to its newly acquired agriculture business. The Group Structure is included as part of the Annual Report in the "Group Structure" section.

This Report is prepared in accordance with the Singapore Exchange's Listing Rule 711B. The Report has considered the "Comply or Explain" requirements for sustainability reporting set forth by the Singapore Exchange ("SGX").

The Group has chosen to disclose information with reference to the GRI Standards. The GRI Standards were chosen as the reporting criteria due to their clear guidelines and the global benchmark for the disclosure of governance approach, environmental, social, and economic performance, as well as the impacts of organisations.

The consolidation, mergers, acquisitions and disposal of entities are performed in accordance with IFRS standards.

During the current reporting period, the Group has not yet aligned with the recommendations put forth by the Task Force on Climate-related Financial Disclosures ("TCFD"). However, we acknowledge the critical nature of these recommendations and remain committed to adopting them in a phased approach over the coming years. We understand that TCFD disclosures are of paramount importance to investors, stakeholders, and the broader global community, and we are fully dedicated to providing transparent and comprehensive information regarding our climate-related risks and opportunities in the future.

2.2.3 Approach and Methodology

The Report was put together after taking into account the stakeholder expectations, material concerns, and the sustainability context. We have made every effort to present the Report in good faith and to the best of our ability while recognising that we are continuously working to improve our data collection procedures.

As mandated by SGX, an internal review is now mandatory for sustainability reports for the fiscal year 2022. The internal review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors. The scope included a risk-based review of the processes including but not limited to the sustainability governance and management; the identification, prioritisation and assessment of ESG-related risks and opportunities; reporting relevant sustainability information; climate-related disclosures; and compliance against local regulatory reporting requirements. No external assurance has been sought for this Sustainability Report.

The Group has taken 2022 as its base year for the purpose of GRI Reporting.

This Report's information has been checked, reviewed, and explained for changes from one year to the next, and it is presented in a way that allows for meaningful comparison.

2.3 Stakeholder Engagement

At the Group, we believe that gaining our stakeholder's trust and support is critical in building a sustainable business. The Group seeks continuous engagement across diverse categories of stakeholders, including customers, employees, shareholders, investors, suppliers, government & regulators, communities, and business partners. The engagement of stakeholders is founded on a constant dialogue that embraces and incorporates their feedback into the business. As a result, the Group is able to improve and provide a more sustainable decision-making process and, at the same time, identify any risks and opportunities associated with the Group.

The following table summarises our key stakeholders, modes of communication and areas of concern, updated periodically throughout the year.

Key Stakeholders	Topics of Concern/ Key Priorities	Communication Channels	Frequency of Communication
Customers	• Quality of products • Product knowledge • Customer satisfaction • Complaint processing	• Regular client meetings • Direct mail • Phone calls • Visits • Electronic communication applications such as WeChat, QQ	• Periodically throughout the year
Employees	• Career development • Employee welfare • Complaint processing • Wages • Health & Safety	• Regular dialogue • Internal memos • Direct mail and messages	• Ranges from monthly to yearly
Shareholders	• Shareholders' return • Accuracy and timeliness of disclosure • Key developments • Financial results	• Regular investor meetings • Direct mailings • Annual general meetings	• Periodically throughout the year
Investors	• Accuracy and timeliness of disclosures • Key developments • Financial results	• Announcement • Annual Report • Sustainability Report	• Periodically throughout the year
Suppliers	• Products & pricing • Service & product quality • Timely supply & payment • Complaint processing	• Financial & Operational Performance • Contract negotiations • Round-table discussions • Routine communications	• Periodically throughout the year

Key Stakeholders	Topics of Concern/ Key Priorities	Communication Channels	Frequency of Communication
Government and Regulators	• Compliance • Corporate governance • Timely disclosure • Protecting the interest of minority shareholders • Policies and regulatory updates and education • Timely submission of corporate documents and annual filings	• Reasonable business strategy • Emails, internet, news, phone calls • Participate in discussions on the formulation of policies, regulations and standards. • Attend seminars and forums. • Roundtable discussions • Briefing and consultations	• As and when required
Communities	• Environmental impact • Pollution	• Meetings	• At least once a year
Business Partners	• Fair and ethical business conduct • Profit sharing • Project development plans • Budgets & funding	• Risk Management, Governance and Transparency • Contract negotiations • Regular conferences • High-level meetings • Routine operation communications	• Periodically throughout the year

2.4 Materiality Assessment

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

For the reporting period from 1 January 2022 to 31 December 2022, 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
Economic	• Anti-corruption
Environment	• Energy Management • Reduce Carbon Emissions • Water Management • Waste and Hazardous Materials Management • Soil Health • Pesticide Use
Employee Care	• Employment and Retention of Employees • Employee Health and Safety • Training and Development • Child and Forced Labour
Customer Satisfaction	• Product Safety and Quality
Governance	• Corporate Governance and Business Ethics • Compliance with Laws and Regulations

2.5 Alignment with Sustainable Development Goals

The General Assembly, which was established in 1945 under the auspices of the Charter of the United Nations ("UN"), occupies a central role as the primary deliberative, policy-making, and representative organ of the United Nations. It convenes all 193 members of the UN to provide a singular forum for the multilateral discussion of the full range of global issues addressed by the Charter, and also plays a critical role in the process of standard-setting and codification of international law.

The 17 Sustainable Development Goals ("SDGs") were adopted by the United Nations General Assembly on 25 September 2015 as part of a new sustainable development agenda aimed at eradicating poverty, safeguarding the environment, and promoting universal prosperity. Each goal encompasses specific objectives that must be achieved over the next 15 years. While the SDGs are primarily geared towards governments, they also present a significant opportunity for businesses to contribute to a more sustainable society.

Our environmental projects will be guided by the SDGs, and as we move towards sustainability, we will continue to evaluate our alignment with the SDGs, and wherever possible, revise our internal objectives and sustainability strategy to more effectively and comprehensively address the targets.

The following table presents the details of the Material Topics for the Year 2022, along with the corresponding SDG Mapping.

SDGs	Material Topics
	1. Anti-Corruption 2. Business Ethics and Compliance 3. Compliance Laws and Regulations
	4. Energy Consumption
	5. Water Management
	6. Carbon Emissions

SDGs	Material Topics
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	7. Waste Management 8. Product Safety and Quality
15 LIFE ON LAND	9. Soil Health
2 ZERO HUNGER	10. Pesticides Use
8 DECENT WORK AND ECONOMIC GROWTH	11. Employment Practices 12. Training and Development 13. Child and Forced Labour
3 GOOD HEALTH AND WELL-BEING	14. Employee Well-being

2.6 Awards, Accolades and Certifications

During FY2022, the Group has won numerous awards, accolades and certifications, including-

- Henan Soft Seed Pomegranate Technology Research Center
- National Standard of Agriculture Farms
- National Best Agricultural Products
- Henan Green & Healthy Food Demonstration Base
- Quality Management System Certification
- Two Integration Management System Certification
- China Good Agricultural Practices Certification
- Organic Product Certification
- Green Food Certification
- Henan Small and Medium-Sized Sci-Tech Enterprises
- Agricultural Standardisation of Henan Province
- Key Leading Enterprises of Agricultural Industrialisation in Zhengzhou
- Henan Province “Three Products and One Standard” demonstration base
- The Fifth Xingyang Mayor Quality Award
- Key Provincial Leading Enterprise of Agricultural Industrialisation
- Key Leading Enterprise of Forestry Industrialisation City
- National Agricultural Product Quality Safety, Nutrition and Health Science Production Base
- Zhengzhou Special Fine New Small and Medium-Sized Enterprises

This outlines the Group’s dedication towards achieving excellence and its commitment to high-quality products. It also provides a competitive advantage by setting the Group apart from its competitors. It further encourages the Group to strive towards greater performance.

3. Environmental Sustainability

The Group is committed to conducting its business in a manner that respects the environment and minimises its impact wherever possible. The Group recognises the importance of environmental stewardship and strives to balance its business needs with sustainability considerations. As part of this commitment, the Group exercises a precautionary approach in managing its environmental impact.

The Group continuously reminds its employees to contribute to overall waste management efforts, primarily focusing on conserving and reducing the resources used in the operations.

The Group encourages its employees to reduce paper usage by using emails, social media, or the internet to transfer sensitive files or documents. If printing is required, the Group advises its employees to use the toner-saving mode and purchase paper with recycled content or from a sustainable source. The Group also encourages its service providers to send electronic invoices instead of through mails and couriers.

The Group's environmental management is an ongoing effort, and it continually monitors the effectiveness of its policies to achieve a greener footprint. In FY2022, the Group did not receive any fines or sanctions for non-compliance with environmental laws and regulations. The Group remains committed to improving its environmental performance and reducing its environmental impact.

3.1 Reduction of Carbon Emissions

The Group recognises the impact of its operations on the environment and is committed to reducing its carbon emissions. We acknowledge that Electricity consumption is a significant contributor to our carbon footprint and, therefore, have implemented energy-efficient processes to minimise our energy consumption. We have installed energy-efficient equipment in our offices and processing plants to reduce our electricity consumption and carbon emissions.

Our carbon footprint is determined by our Greenhouse Gas ("GHG") emissions, which are quantified in terms of carbon dioxide equivalent ("CO2e").

To measure our progress in reducing carbon emissions, we regularly monitor and report on our greenhouse gas emissions, including both direct (Scope 1) and indirect (Scope 2) emissions and do not include emissions from our value chain partners (Scope 3). We are committed to continuously identifying and pursuing opportunities to reduce our emissions and improve our energy efficiency.

We recognise that addressing climate change requires a collective effort, and we are committed to playing our part in creating a sustainable future. We understand the importance of reducing our carbon footprint and are dedicated to implementing solutions that align with our sustainability goals while maintaining the highest standards of quality and efficiency in our operations.

The profile of GHG emissions for the current and previous reporting year is provided in the table below.

Total GHG Emission

GHG Emission[1]	Unit	FY2021	FY2022
Total GHG Emission	tCO2e	818.41	505.18
GHG Scope-wise Emissions			
GHG Scope 1	tCO2e	217.68	113.27
GHG Scope 2	tCO2e	600.74	391.91
Percentage (%)			
GHG Scope 1	Proportion	26.60%	22.42%
GHG Scope 2	Proportion	73.40%	77.58%
Intensity			
Total GHG Emission	tCO2e / RMB 1,000,000	31.60	8.37
GHG Scope-wise Intensity			
GHG Scope 1	tCO2e / RMB 1,000,000	8.40	1.88
GHG Scope 2	tCO2e / RMB 1,000,000	23.19	6.49

3.2 Energy Management

Energy Management is key to improving efficiency, reducing costs, and operating sustainably while also complying with regulatory requirements. The Group aims to minimise its environmental impact and reduce its energy costs while ensuring the reliable and efficient operation of its facilities. To achieve this, it has implemented a range of initiatives that promote energy efficiency and conservation.

The Group's agribusiness does not use much electricity. As part of its efforts to conserve energy, the Group utilises energy-saving photocopiers and energy-efficient air conditioning units in the office. It also encourages its staff to turn off computers or laptops and lights during lunch breaks and when not in use. It further encourages its personnel to adjust the temperature of the air conditioner seasonally and turn it off when it is not required. The Group monitors and improves its performance in the Energy Management sector to contribute to its efforts in business sustainability.

[1] GHG protocol is used for accounting for GHG emissions. During the accounting of GHG emissions, GHG protocol Guidance and Reporting Standard has been followed. The emission factors used are taken from the GHG Emission factor Hub, World Resource Institute Data Base, Institute for Global Environmental Strategies ("IGES") emission factor list and Energy Market Authority ("EMA") database.

Total Fuel Consumption

Fuel Consumption	Unit	FY2021	FY2022
Total Fuel Consumption	Litre	6,971,424.96	16,806,253.59
Consumption Type			
Total Consumption			
Diesel	Litre	61,799.08	18,982.42
Petrol	Litre	13,074.16	5,661.97
Fuel Gas	Litre	6,896,551.72	16,781,609.20
Percentage (%)			
Diesel	Proportion	0.89%	0.11%
Petrol	Proportion	0.19%	0.03%
Fuel Gas	Proportion	98.93%	99.85%
Intensity			
Total Fuel Consumption	Litre / RMB 1,000,000	269,146.20	278,346.01
Consumption Type			
Diesel	Litre / RMB 1,000,000	2,385.88	314.39
Petrol	Litre / RMB 1,000,000	504.75	93.77
Fuel Gas	Litre / RMB 1,000,000	266,255.57	277,937.85

Total Electricity Consumption

Energy Consumption	Unit	FY2021	FY2022
Total Energy Consumption	KWh	874,778.29	570,687.43
Consumption Type			
Total Consumption			
Electricity	KWh	874,778.29	570,687.43
Percentage (%)			
Electricity	Proportion	100.00%	100.00%
Consumption Location			
Consumption			
Inside Organisation	KWh	874,778.29	570,687.43
Percentage (%)			
Inside Organisation	Proportion	100.00%	100.00%
Renewable Type			
Consumption			
Non-Renewable	KWh	874,778.29	570,687.43
Percentage (%)			
Non-Renewable	Proportion	100.00%	100.00%
Intensity			
Total Electricity Consumption	KWh / RMB 1,000,000	33,772.62	9,451.75
Consumption Type			
Electricity	KWh / RMB 1,000,000	33,772.62	9,451.75
Consumption Location			
Inside Organisation	KWh / RMB 1,000,000	33,772.62	9,451.75
Renewable Type			
Non-Renewable	KWh / RMB 1,000,000	33,772.62	9,451.75

With its ongoing effort to enhance the efficiency in its operations and to manage its impact on the environment, the Group is proud to share that it has reduced its energy consumption within the organisation by 304,090.86 KWh, i.e., about 34.76% reduction in its Energy Consumption as compared to the previous year.

3.3 Waste and Hazardous Materials Management

The Group recognises the potential hazards posed by some of the input materials used in our production processes. These materials include plant protection pesticide bottles, pruned branches, thinned flowers and fruits, and fertiliser bags. In order to manage these materials in a responsible and sustainable way, the Group has implemented various measures and actions.

For waste generated by the organisation's own activities, the Group has taken action to prevent waste generation by burying pruned values, thinned flowers, and fruits in a fixed location. The Group has partnered with the government for a business recycling sale of plant protection pesticide bottles.

To manage significant impacts from waste generated, the Group has implemented measures to reuse and recycle. For instance, fertiliser packaging can be used for secondary use, and pesticide bottles, other waste from the ground, and other packaging can be recycled.

To collect and monitor waste-related data, the Group has implemented a systematic approach that allows it to track and measure its waste generation, management, and disposal. The Group will continue to improve its waste management practices and strive to reduce its environmental impact.

The Group strives to minimise its environmental impact and protects its natural assets so that its orchards continue to be productive and its workers and communities can enjoy a clean and healthy environment. Furthermore, the Group ensures that the employees understand and contribute to overall waste management efforts in order to conserve and reduce resources used in its operations.

Waste Generation Survey Analysis and Treatment and Recycling Plan						
	Availability and Methods of Use or Disposal					
	Available to Use			Not Available to Use		
Description	Unit (KG or Pcs)	Usage	Frequency of Processing	Unit (KG or Pcs)	Usage	Frequency of Processing
Pruned Tree Branches	–	–	–	–	Bury	53 batches
Thinned Flowers and Fruits	–	–	–	–	Bury	34 batches
Plant Protection Pesticide Bottle	–	–	–	9,448 pcs of bottles or packaging bags	Recycle	9 batches
Fertiliser Packaging Bags	920 pcs	Used in flower thinning and fruit thinning, pesticide bottle recycling, etc.	–	–	–	–

3.4 Water Management

Agriculture is a water-intensive industry, and adequate water management is critical to ensure a sustainable and reliable water supply for crop irrigation. Most of the water used by the Group's agricultural activities comes from groundwater irrigation. The Group has established machine wells in each village and town to pump groundwater to the land. The Group rents village and town wells for draught and irrigation in order to manage water as a shared resource.

The Group practices and promotes organic agricultural practices. As a result, there are no hazardous effluents generated throughout its activities. Consequently, the Group has no special drainage treatment.

Water Management at the Group is an ongoing effort. The Group encourages water conservation measures to minimise its water footprint, reduce its water usage and improve the overall efficiency of its operations.

Total Water Consumption

Water Consumption	Unit	FY2022
Total Water Consumption	Ton (T)	323,410.99
Source Type		
Consumption[2]		
Ground Water	Ton (T)	321,817.00
Third Party Water[3]	Ton (T)	1,593.99
Percentage (%)		
Ground Water	Proportion	99.51%
Third Party Water	Proportion	0.49%
Intensity		
Total Water Consumption	T / RMB 1,000,000	5,356.35
Source Type		
Ground Water	T / RMB 1,000,000	5,329.95
Third Party Water	T / RMB 1,000,000	26.40

3.5 Soil Health

The agricultural sector relies heavily on soil as its foundation, and the condition of the soil is a critical determinant of both crop quality and productivity. Adopting enhanced soil management and crop technologies can lead to greater efficiency and productivity in food production systems, thereby facilitating a significant reduction in emissions.

In an effort to guarantee the quality of its produce, the Group conducts annual testing of soil from its agricultural lands, with a primary focus on maintaining soil health.

As part of the Group's soil management plan, it practices a set of measures to improve soil activity and fertilisation, which are discussed below.

a) **Guest soil:** Since the soil of this base is on the clay side, sand-filling improvement is appropriately taken when composting.

b) **Mulching:** Twice in spring and autumn, a layer of 3-5 cm of crushed wheat straw, wheat bran or crushed corn straw and other crop straw is mulched around the trees at 1 to 2 meters, which can play the role of salt suppression, water retention and ground temperature levelling. After the straw is tilled and composted, it can be transformed into soil organic matter, releasing nitrogen, phosphorus, potassium, zinc, iron and other elements, reducing soil bulk, increasing soil porosity, improving soil aeration and facilitating the growth and development of soil organisms.

c) **Increase the application of organic fertilisers:** Organic fertilisers are comprehensive in nutrients, rich in organic matter, nitrogen, phosphorus, potassium and trace elements, essential for soil fertilisation, fertiliser retention, tillage, soil capacity, soil biology, etc. The main fertilisers are cow manure, sheep manure and other herbivore manure, green manure, biogas fertiliser and fertilisers certified as organic fertilisers, and all kinds of homemade fertilisers must be rotted before they are allowed to be used.

[2] The amount of groundwater used for agriculture is estimated from owned and leased wells.
(As the base has sufficient groundwater and high soil humidity after the 7.20 flood in Xingyang in 2021, there is no drought, so the number of watering times and dosage from July 2021 to the present is low.)

[3] Water for office use.

d) **Balanced fertilisation:** In response to the characteristics of poor soils, such as fertiliser deficiency, poor fertiliser supply capacity, nutrient imbalance and salinity, a balanced application of nitrogen, phosphorus, potassium and trace element fertilisers combined with the fertiliser absorption pattern of fruit trees can effectively fertilise the soil, save fertiliser, reduce hazards and improve the quality of fruit.

e) **Intercropping green manure:** Green manure crops have a high yield and good fertilisation effect, which can not only increase soil organic matter, improve soil physical and chemical properties, keep soil and water but also do fodder and return to the field over the belly. Green manure is easy to cultivate, low cost, and a high-quality fertiliser source. Intercropping green manure is an effective measure to cultivate and make full use of the orchard soil.

3.6 Pesticides Use

The Group is dedicated to promoting sustainable farming practices and minimising the environmental impact of its operations. As part of its commitment towards this goal, the Group have implemented a range of measures to reduce the usage of pesticides in its farming processes.

The Group have also introduced the use of inter-row grass, which is directly turned into green manure, thereby improving the health of the soil and reducing the dependency on chemical fertilisers. Furthermore, the Group ensures that its organic plots are maintained in accordance with the provisions of GB/T19630, while other plots are managed in accordance with the Good Agricultural Practice quality management manual (“GB/T”), as per the standards laid out in GB/T20014-2013.

The Group gives utmost priority to sustainable agricultural measures in its production process, adhering strictly to the requirements of its production operating procedures. The Group has adopted a range of eco-friendly pest control measures, such as the use of light and colour traps to attract pests and mechanical methods to capture and control them. The Group also undertakes manual weeding to control weeds and prevent their growth.

In cases where its sustainable pest and weed control measures prove inadequate, the Group may use a limited range of pesticides, with strict control over the quantity and variety used. However, the Group ensures that such limited use is only in exceptional circumstances.

The Group recognises the potential negative impacts associated with the use of extremely and highly hazardous pesticides. As part of its commitment to sustainable farming practices, the Group has taken proactive measures to prevent, mitigate, and remediate any such negative impacts.

The Group has achieved organic certification and Good Agricultural Practice (“GAP”) certification, which demonstrates its commitment towards reducing its dependency on harmful pesticides. In addition, it has eliminated the use of extremely and high-risk pesticides, thereby ensuring the safety of its farmworkers, consumers, and the environment.

Starting from the overall ecosystem of pests and beneficial organisms, the Group applies integrated control measures to create environmental conditions unfavourable to the occurrence of pests and diseases and favourable to the reproduction of various beneficial organisms to maintain the balance and biodiversity of agroecosystems.

The Group recognise the importance of responsible pest management practices to minimise the negative impacts on the environment and promote crop health. The Group’s integrated pest management plan involves a combination of agricultural, physical, biological, and plant source pesticides to control pest infestations.

To prevent and control diseases such as dry rot, anthracnose, and fruit rot, the Group has adopted scientific soil, fertiliser, and water management practices that strengthen trees’ ability to resist disease. The Group also has processes to remove and destroy residual branches, leaves, weeds, and diseased fruits in the orchard, and cut off diseased branches and tips during pruning while paying attention to wound protection and timely summer pruning to reduce the humidity of the tree interior.

For the control of insect pests such as aphids, thrips, and peach borer, the Group practices agricultural control measures combined with winter pruning and manual removal and destruction of pests and disease-damaged parts. The Group utilises physical control measures, such as the use of sugar and vinegar solution to trap and kill pests, and frequency vibration type insecticide lamps to lure and kill pests.

The Group has implemented biological control measures, including the release of natural enemies such as red-eyed wasp and predatory mites, and the use of sex attractants to lure and kill male insects. When necessary, the Group uses plant source pesticides in accordance with the provisions of GB/T19630. For grass pests, the Group prevents their growth by planting white clover or selecting available grass species to compete with other weeds along with the implementation of manual or mechanical mowing for serious weed plots.

By adopting an integrated approach to pest management, the Group minimises the use of pesticides and reduce its negative impact on the environment, while promoting the health and safety of the crops.

4. Social Sustainability

4.1 Employee Care

The Group places great emphasis on its people. It maintains an engaging and holistic working environment in which its employees can produce most effectively while also being provided with equal opportunities for personal and professional development. These efforts not only assist in retaining the employees but also help draw new talent.

One of the development objectives of the Group is the general welfare of the workforce. It works hard to establish a workplace that values diversity, equity, and respect for one another, as well as a setting that supports health and safety. The Group strives to uphold the rights of employees, look out for their well-being, and offer them a platform for career growth.

As part of its commitment to fair employment practices, the Group adheres to the following regulations: the Labour Law, the Labour and Employment Promotion Law, and the Labour Contract Law, all of which are enacted by the PRC.

The Group values open lines of communication with employees and welcomes their ideas and suggestions for improving its operations.

4.1.1 Employment and Retention of Employees

People are the Group's most valuable asset. They ensure that the entire value chain runs smoothly, innovating and improving its products and processes to keep it one step ahead of the competition. To ensure the proper well-being of its employees, the Group complies with the laws and regulations of the PRC regarding social insurance. The Group has established reasonable compensation system management and personnel management system to track the effectiveness of such activities.

a) The following table presents the total number and rate of new employee hires during the reporting period, broken down by age group and gender:

New Hires	Number of Individuals	% of Individuals
Gender		
Male	11	68.75%
Female	5	31.25%
Age Group		
Under 30 years old	6	37.50%
30 to 50 years old	7	43.75%
Over 50 years old	3	18.75%

b) The following table presents the total number and rate of employee turnover during the reporting period, broken down by age group and gender:

Resigned	Number of Individuals	% of Individuals
Gender		
Male	26	78.79%
Female	7	21.21%
Age Group		
Under 30 years old	4	12.12%
30 to 50 years old	20	60.61%
Over 50 years old	9	27.27%

4.1.2 Employee Diversity

The Group supports diversity in the workplace and takes measures to make sure that all of its employees, regardless of their gender, ethnicity or nationality, sexual orientation, race, age, or religion, feel embraced. In addition to giving all employees an equal chance to succeed, the Group strives to establish a workplace that is devoid of discrimination against any person for any reason. The Group's goal is to maintain, if not increase, the present diversity of the male-to-female ratio within the Group. This is maintained by making sure that all of its employees are evaluated based on their skills and merits.

a) The following table provides a breakdown of the diversity categories represented by the Board of Directors:

Diversity Category	Number of Individuals	% of Individuals
Gender		
Male	4	80.00%
Female	1	20.00%
Age Group		
Under 30 years old	–	–
30 to 50 years old	1	20.00%
Over 50 years old	4	80.00%

b) The following table provides the breakdown of the employee demographics and associations status:

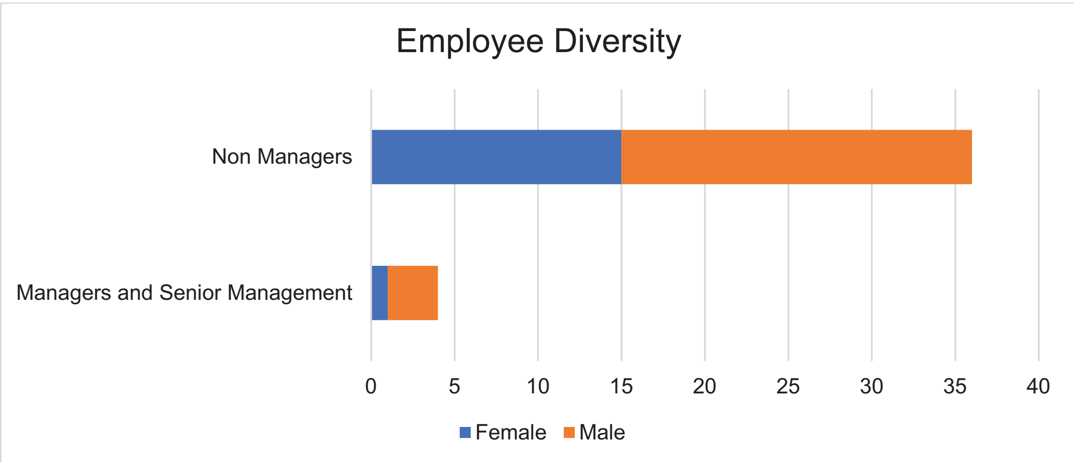
S/N	Particulars	Number of Individuals
1	**Geography of Employee**	
1.1	Local Employee	42
1.2	Foreign Employee	3
2	**Employee Associated with Union**	
2.1	Union Member	0
2.2	Non-Union Member	45
3	**Employees with Collective Bargaining**	
3.1	Collective Bargaining	0
3.2	Not Collective Bargaining	45

c) The following table provides a breakdown of the number of employees within each category, organised by various diversity categories:

Diversity Category	Senior Management Number of Individuals	Senior Management %	Managers Number of Individuals	Managers %	Non-Managers Number of Individuals	Non-Managers %
Gender						
Male	2	100.00%	1	50.00%	21	58.33%
Female	–	0.00%	1	50.00%	15	41.67%
Age Group						
Under 30 years old	–	–	–	–	7	19.44%
30 to 50 years old	1	50.00%	2	100.00%	26	72.22%
Over 50 years old	1	50.00%	–	–	3	8.33%
Total	**2**		**2**		**36***	

*1 employee in the above is from Minority / Vulnerable Group.

The bifurcation of our permanent employees is fairly diverse in terms of gender, as shown in the chart below.



4.1.3 Training and Development

The Group places a significant emphasis on training its employees as well as directors to equip them with the appropriate technical abilities and knowledge and boost their performance and efficiency.

All Directors of the Group are required to attend Sustainability Reporting courses. During FY2022, all directors had completed their sustainability courses.

All new employees are given a 3-day probationary training period, occasional training by directors, and occasional internal training by the staff. The Group encourages its workforce to involve in learning experiences that fit their unique skills, roles and goals. It provides group lectures, live demonstrations, and one-on-one instructions to upskill its employees as per the business requirements. The Group further attempts to engage its employees in on-site training sessions and numerous relevant seminars throughout the year to ensure their continuous professional development.

4.1.4 Employee Health and Safety

The Group recognises that employees are its most valuable resource and the foundation of its long-term commercial success. The Group encourages its employees to strike a balance between their careers and family time and promote work-life balance. It ensures regular communication between administrative staff and employees regarding employees' mental health. The Group also promotes physical fitness and wellness among its staff members through recreational and athletic pursuits.

According to the Labour Law of the PRC, the Group is required to establish and implement a system to ensure occupational safety and health, educate its employees on occupational safety and health, prevent occupational accidents and reduce occupational hazards. The Group provides its staff with the necessary training related to occupational health and safety. Such training includes on-the-job training, including the transfer of skills and knowledge from senior to junior personnel responsible for standard operating procedures, safe work procedures and the proper operation of machines and equipment for employees and new employees. These training activities take place on a monthly basis. The employees and workers participate in the assessment after training and start work after passing the assessment by production technicians.

The training staff, comprising of production technology professionals from the base, imparts knowledge to hired agricultural workers and employees in temporary need through training. The training covers production work norms and safety norms. This training is offered free of cost, and the attendees are remunerated for their participation.

The Group provides social insurance for employees and accident insurance for non-employed workers. The Group also conducts regular internal safety checks to ensure compliance with the scope of the safety organisation.

To promote a healthy work environment and enhance safety in all work-related situations, the Group aims to create a "zero-injury and accident-free" working environment. During the reporting period from 1 January 2022 to 31 December 2022, no serious or fatal accidents occurred at the Group's workplaces. The Group aims to maintain its workplaces beyond zero serious or fatal accidents in 2023.

4.1.5 Non-Discrimination in the Workplace

The Group is committed to creating a diverse and inclusive workplace that values and respects individuals from all backgrounds. The Group believes that promoting non-discrimination in the workplace is not only the right but also contributes to a more productive and innovative work environment.

The Group strives to ensure that the hiring, promotion, and compensation practices are fair and equitable and that all employees are treated with dignity and respect. It also provides training and education to all employees on the importance of diversity and inclusion in the workplace. By fostering a culture of non-discrimination, the Group is able to attract and retain top talent, promote employee engagement and satisfaction, and better serve its customers and stakeholders.

There were no reported instances of discrimination within the Group during FY2022.

4.1.6 Child Labour and Forced Labour

The Group practises fair recruitment practices and does not tolerate any form of employee discrimination. It also does not condone the use of forced or child labour, including bonded labour, indentured labour, slave labour, human trafficking, and the hiring of minors. The human rights management is under the direction of the Head of the Human Resources and Administration Department, which reports to the Chairman of the Board and ensures that the Group abides by all relevant laws and rules regarding child and forced labour.

During FY2022, no cases of child labour or coerced labour were reported within the Group.

4.2 Customer Satisfaction

Customer retention is essential to the Group's long-term viability and a vital factor in sales expansion. The Group's dedication to providing exceptional customer experiences and building long-term relationships with its clients is central to its business philosophy.

The Group has adopted several initiatives to raise customer satisfaction and maintain customers for the long run. This entails concentrating on product quality, providing exceptional customer service, and making ongoing improvements to remain ahead of customer needs and expectations.

As a business, the Group recognises that satisfied and loyal clients are essential to its success and viability. As a result, the Group has made customer retention a priority and strives to keep funding programmes that enable it to establish and uphold solid, enduring bonds with its customers.

During FY2022, no cases of customer complaints were reported within the Group.

4.2.1 Product Quality and Safety

In line with sustainable agriculture practices, the Group takes great care to ensure that the soft seed pomegranates it grows, and sells are of premium quality or the highest quality possible, and the cultivation operation process is implemented in strict compliance with organic product certification, good agricultural practice certification standards and specifications.

In addition to its association with the Chinese Society for Horticultural Science Pomegranate Branch; China Green Food Expo; China International Modern Agricultural Exhibition; Standardisation Administration of the P.R.C.; Henan Women's Federation; Culture and Tourism Department of Henan Province; Henan Green Food Development Centre, the Group continuously works towards maintaining its service of providing top-notch and premium quality products to its customers.

4.3 Value Chain and Business Relationships

The Group follows a self-production and external procurement model. Currently, the Group's activities include extending pomegranate cultivation to pomegranate sales and other fresh fruit trade, covering the national market. In FY2022, Meituan Youxuan, DuoDuo, TaoCaiCai, and Fresh Hema were added as new business partners.

Apart from its agri-business, trading activities in Henan Central Agriculture and Commerce Co., Ltd. and Henan Younong Future Supply Chain Management Co., Ltd also account for the downstream activities as part of the Group's value chain. The Group's Online business with Meituan Youxuan, DuoDuo, TaoCaiCai, and Fresh Hema; offline business with Wanbang wholesale market; and large customer procurement through Jimei Health (Shandong) Co., Shandong Meiguolai Food Co., Ltd. are other relevant business relationships across the value chain.

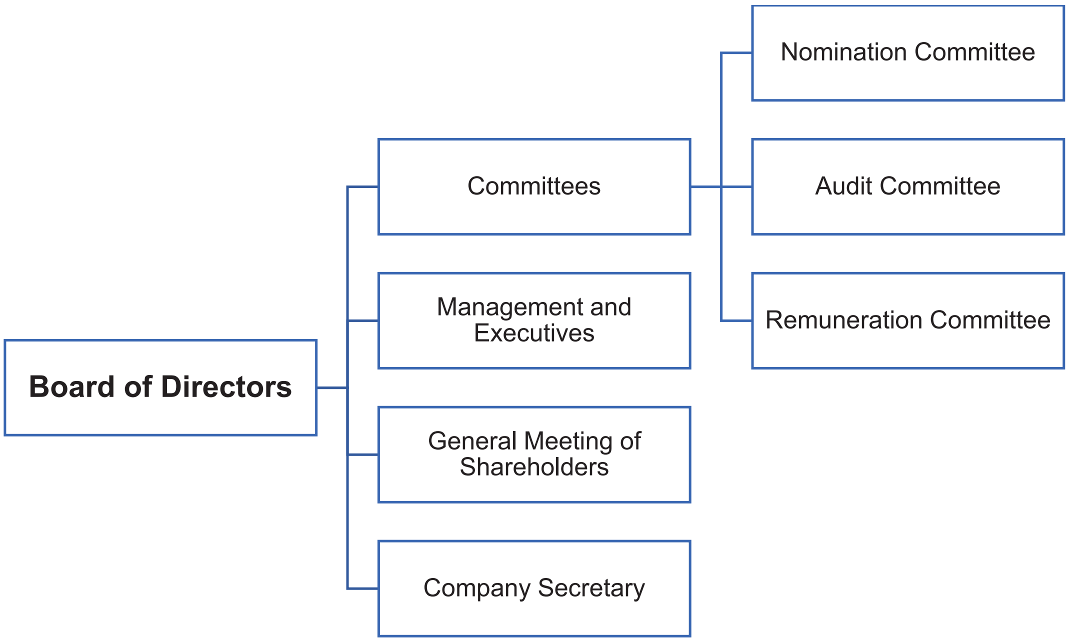
The Group engages in consistent, transparent communication with its suppliers to build strong, positive relationships in the marketplace.

5. Governance

The Group aims to develop a balanced approach towards sustainability by carefully considering the ESG aspects of its business.

Recognising the significance of adopting sound corporate governance practices, which are instrumental in realising sustainability objectives, augmenting shareholder value, and advancing the interests of the Group, the Board is dedicated to maintaining an elevated level of corporate governance standards. In line with this commitment, the Board has instituted a corporate governance framework that adheres to the guidelines and standards stipulated by the Singapore Code of Corporate Governance (the "Code"), published by the Monetary Authority of Singapore.

As part of its Governance approach, the Group has a structured governance system in place, wherein the Board of Directors has a fiduciary duty to act in the best interests of the Group and hold management accountable. They have put in place a code of conduct and ethics to ensure accountability and establish a framework of effective controls.



The primary role of the Board is to protect and enhance long-term shareholder value, and they are responsible for overall corporate governance, including sustainability issues. The Board reviews the sustainability agenda and integrates sustainability factors into the Group's strategy, monitoring and overseeing the execution and performance of sustainability initiatives.

The Board is committed to building a strong governance structure for the Group and has accordingly established various Board Committees, including the Nominating Committee, the Remuneration Committee, and the Audit Committee.

Board Committees		
Remuneration Committee	**Nominating Committee**	**Audit Committee**
The Remuneration Committee ensures that there is a formal and transparent process for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual directors and key Management personnel.	The primary functions of the Nominating Committee are to determine the criteria for identifying candidates and reviewing nominations for the appointment of Directors to the board in ensuring that the process of Board appointments and renominations are transparent; to assess the effectiveness of the Board as a whole, and to affirm annually the independence of the Directors.	The Audit Committee 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.

Nomination and Selection of the Highest Governance body

The Group has a policy and procedures for transparent appointment and re-nomination of directors to the board. The Nomination Committee ("NC") evaluates the Board composition when a director resigns or retires and proposes a candidate with suitable background, skills, qualifications, and experience. NC considers factors like how the candidate complements the existing mix of skills and qualifications, relevance of experience to the business, and breadth of contributions. Candidates are sourced through established criteria, and new directors are appointed by a board resolution after NC's recommendation. The NC reviews the independence of independent directors annually and confirms that they have no association with the Group, related corporations, substantial shareholders, or officers that could interfere with their independent business judgment.

The Group has a Board Diversity Policy endorsing the principle of a balanced board of skill, knowledge, experience, and diversity of perspectives. The NC reviewed the current board and found it comprised of experienced persons who provide a balanced field of core competencies. The NC believes the board is of appropriate size and diversity of skills and experience to effectively function and make informed decisions. The NC reviews the board's composition annually and recognises the merits of gender diversity, with one female director presently on the board.

Remuneration Policies

The Remuneration Committee ("RC") oversees all aspects of remuneration, including Director's fees, salaries, bonuses, and benefits. Fees for Independent and Non-Executive Directors are approved by shareholders of the Group on an annual basis.

The ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) was reported to be 12.51% for FY2022. During FY2022, there has been no increase in individual compensation for the highest paid executives.

The members of the RC abstain from voting on their own remuneration packages, and their recommendations are submitted to the Board for endorsement. The RC also reviews obligations in the event of termination of service for Executive Directors and key Management personnel. No incentive components of remuneration are reclaimed, and packages are set based on prevailing economic conditions and comparable companies.

The Executive Directors receive no Director's fee and are paid a basic salary and variable bonus linked to corporate and individual performance, which is reviewed periodically by the RC and Board. The remuneration structure aligns with the Group's risk policies and the interests of Shareholders to promote long-term success.

5.1 Corporate Governance and Business Ethics

The Board of Directors of the Group are committed to conducting its business in a manner that is lawful and ethically responsible and way that reflects the values of the Group. The Group does not tolerate any unlawful and unethical activity and pledges to take appropriate action to ensure compliance with the law and safeguard the interest of all stakeholders.

The Group has a balanced and diverse Board of Directors system in which two of the five members of the Group's Board of Directors are independent, and one of the Executive Directors is a woman or a person representing diversity.

The Executive Chairman, Mr Zhai Kebin is also the CEO of the Company. The Board members are elected every three years, and the Board reviews nominees to maintain a balance of experience, continuity and fresh perspectives at a holistic level. All employees and the Board are expected to adhere to the Group's comprehensive Code of Business Conduct.

Conflicts of Interest

It is mandated that all directors and employees disclose any possible conflicts of interest. In the event of a conflict arising, the concerned party must abstain from any participation in discussions and decision-making related to the matter at hand.

For newly elected and re-elected Directors, the Annual Report discloses information regarding their other board directorships, relationships with controlling shareholders, and shareholding interests in the Group.

Corporate Social Responsibility

The Group's primary emphasis on Corporate Social Responsibility ("CSR") centres on local farmers. The company utilises its workforce primarily for park management and pomegranate-based activities. The Group endeavours to enhance the quality of life for farmers and their families by elevating their average monthly income, while concurrently imparting technical training and skills upgrading programs to its employees.

The Group has established long-term agreements with agricultural students, underscoring its commitment to promoting agricultural development. In recent years, the Group has been the recipient of numerous accolades in recognition of its sustained and impactful CSR initiatives.

5.1.1 Whistle-Blowing Policy

The Group has developed a whistleblowing policy to highlight any misconduct and misbehaviour of its employees to maintain high ethical standards of accountability, reliability and integrity for its stakeholders.

The Board has established a mechanism for whistle-blowers, which enables them to report any concerns or complaints related to ethical and illegal conduct or matters related to the integrity of the organisation. These procedures can be accessed by employees, officers, or members of management via email or phone, with a direct link to the Chairman of the Audit Committee ("AC").

The AC will investigate whistleblowing-related issues and, if any, discuss them with the Board at least four times per year. During FY2022, the Group did not receive any complaints, concerns, or issues regarding whistleblowing.

5.2 Compliance with Laws and Regulations

The Group undertakes regular monitoring of regulatory updates to ensure that it stays abreast of any changes and remains compliant with the local laws, standards, and requirements that are issued by the relevant local authorities.

The Group's Company Secretary advises the Board on the most recent developments in legal and regulatory problems, particularly the Code. The Group's Cayman Islands Counsel provides the Board with the most recent update on Cayman Islands Company Law in order to ensure the timely submission of the relevant annual filings.

During FY2022, no violations of compliance were reported. The Group will continue to collaborate with different professional firms in order to strengthen its internal corporate governance framework. The Board's goal is to maintain a perfect record with regard to fines.

5.3 Anti-Corruption and Bribery

The Board upholds rigorous ethical standards in its business practices by promoting and enforcing anti-corruption and anti-bribery policies throughout the Group. All employees are made aware of the severe consequences of any breaches of these policies. The Board is required to disclose any potential conflicts of interest on an annual basis. Additionally, the Group utilises whistle-blower boxes and internal audit to further prevent and detect incidents of corruption.

As of FY2022, there were no reported incidents of corruption or legal proceedings related to bribery within the Group. The Group remains committed to educating and raising awareness of these issues among its employees. The Board targets to maintain zero reports on corruption and bribery.

6. Future Outlook

The Group holds the belief that sustainability is an integral part of the culture at the Group and is committed to conducting its business in an ethical and environmentally responsible manner.

The Board of Directors have been strong supporters of the Group's sustainability journey, and their guidance shall help the Group overcome any future challenge that they may face. The Group understands that sustainable business practices are critical for its long-term success and the well-being of its stakeholders. As such, the Group is committed to continuous improvement and progress in this area.

Moving forward, the Group remains dedicated to working with the Board and other partners to further advance sustainability. The Group is committed to regularly reporting its progress towards its sustainability goals through its annual Sustainability Report, which will provide its stakeholders with insight into the Group's achievements and future plans.

7. GRI Content Index

GRI Reference		Disclosure	Reference
General Standard Disclosure			
The Organisation and Its Reporting Practices	2-1	Organisational details	SR Section 1.1
	2-2	Entities included in the organisation's sustainability reporting	● China Mining International Limited ● Nice Rhythms Limited ● Elegant Jade Enterprises Limited ● Xinxiang Huilong Real Estate Co., Ltd ● Henan Sunshine Elegant Jade Real Estate Co., Ltd ● Zhengzhou Shengderun Mining Co., Ltd ● Sino Feng Mining International S.àr.l. ● Huixin Mining International Pty Limited ● Aero Wind Properties Pty Limited ● Fully Rich International Investment Limited ● Henan Zhongnong Huasheng Agricultural Science and Technology Co., Ltd ● Zhenzhou Rundong Fruit Forest Co., Ltd ● Henan Zhongnong Huasheng Industrial Co., Ltd ● Henan Central Agriculture and Commerce Co., Ltd ● Gongyi Zhongnong Huasheng Agricultural Science Technology Co., Ltd ● Henan Liangai Supply Chain Management Co., Ltd. ● Henan Jiangui Supply Chain Management Co., Ltd. ● Henan Xinyounong Supply Chain Management Co., Ltd. ● Henan Younong Future Supply Chain Management Co., Ltd. ● Henan Xinyouji Trading Co., Ltd.
	2-2	Entities included in the organisation's financial reporting	Alongside the aforementioned companies, Financial Reporting also includes the following dormant companies- ● China Mining Singapore Pte. Ltd. ● Zhengzhou Kunchang Properties Limited (Struck off from Register of Companies during FY2022)
	2-3	Reporting period, frequency and contact point	SR Section 2.2
	2-5	External assurance	SR Section 2.2.3

GRI Reference		Disclosure	Reference
Activities and Workers	2-6	Activities, value chain and other business relationships	SR Section 4.3
	2-7	Employees	SR Section 4.1
Governance	2-9	Governance structure and composition	Corporate Governance Report
	2-10	Nomination and selection of the highest governance body	Corporate Governance Report
	2-11	Chair of the highest governance body	Corporate Governance Report
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Report
	2-13	Delegation of responsibility for managing impacts	Corporate Governance Report
	2-14	Role of the highest governance body in sustainability reporting	Corporate Governance Report
	2-15	Conflicts of interest	SR Section 5.1
	2-16	Communication of critical concerns	Corporate Governance Report
	2-17	Collective knowledge of the highest governance body	Corporate Governance Report
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report
	2-19	Remuneration policies	Corporate Governance Report
	2-20	Process to determine remuneration	Corporate Governance Report
	2-21	Annual total compensation ratio	Corporate Governance Report
Strategy, Policies and Practices	2-22	Statement on sustainable development strategy	SR Section 1.2
	2-25	Processes to remediate negative impacts	SR Section 3, Section 4, Section 5
	2-26	Mechanisms for seeking advice and raising concerns	SR Section 5.1.1
	2-27	Compliance with laws and regulations	SR Section 5.2
	2-28	Membership associations	SR Section 4.2.1
Stakeholder Engagement	2-29	Approach to stakeholder engagement	SR Section 2.3
	2-30	Collective bargaining agreements	
Disclosures on Material Topics	3-1	Process to determine material topics	SR Section 2.4
	3-2	List of material topics	SR Section 2.4
	3-3	Management of material topics	SR Section 3, Section 4, Section 5

GRI Reference		Disclosure	Reference
Economic			
Anti-Corruption	205-1	Operations assessed for risks related to corruption	SR Section 5.3
	205-2	Communication and training about anti-corruption policies and procedures	SR Section 5.3
	205-3	Confirmed incidents of corruption and actions taken	SR Section 5.3
Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	SR Section 4.1.4
Environment			
Energy	302-1	Energy consumption within the organisation	SR Section 3.2
	302-3	Energy intensity	SR Section 3.2
Water	303-1	Interaction with water as a shared resource	SR Section 3.4
	303-3	Water withdrawal	SR Section 3.4
	303-5	Water consumption	SR Section 3.4
Emissions	305-1	Direct (Scope 1) GHG emissions	SR Section 3.1
	305-2	Energy indirect (Scope 2) GHG emissions	SR Section 3.1
	305-4	GHG emissions intensity	SR Section 3.1
Soil	13.5	Soil Health	SR Section 3.5
Pesticides	13.6	Pesticides Use	SR Section 3.6
Social			
Employment	401-1	New employee hires and employee turnover	SR Section 4.1.1
Labour/ Management Relations	402-1	Minimum notice periods regarding operational changes	
Occupational Health and Safety	403-1	Occupational health and safety management system	SR Section 4.1.3
	403-8	Workers covered by an occupational health and safety management system	SR Section 4.1.3
	403-9	Work-related injuries	SR Section 4.1.3
	403-10	Work-related ill health	SR Section 4.1.3

GRI Reference		Disclosure	Reference
Training and Education	404-1	Average hours of training per year per employee	
	404-2	Programs for upgrading employee skills and transition assistance programs	SR Section 4.1.2
	404-3	Percentage of employees receiving regular performance and career development reviews	SR Section 4.1.2
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	SR Section 4.1.1
Customer Health and Safety	416-1	Incidents of non-compliance concerning the health and safety impacts of products and services	SR Section 4.2.1

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"), the statement of changes in equity for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

In the opinion of the directors,

(a) the statement of financial position and the statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 63 to 148 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 2022 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended; and

(b) at the date of this statement, with continuing financial support from a controlling shareholder and based on other factors as described in Note 2, 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:

Zhai Kebin	Chairman and Chief Executive Officer (Appointed as Chairman on 29 April 2022)
Guo Wenjun	Deputy Chairman and Executive Director (Appointed on 29 April 2022)
Dong Lingling	Executive Director
Lim Han Boon	Independent Director
Chan Siew Wei	Independent Director

Directors' interests in shares or debentures

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

	Direct interests	
	At 1 January 2022	At 31 December 2022
Company		
Ordinary shares of S$0.008 each		
Dong Lingling	554,200(i)	554,200(i)
Zhai Kebin	-	8,750,000(ii)

Directors' interests in shares or debentures (Continued)

Notes:

(i) The shares of Ms Dong Lingling are registered in the name of Phillip Securities Pte Ltd.

(ii) The shares of Mr Zhai Kebin are registered in the name of UOB Kay Hian Holdings Limited.

The Directors' interests in the ordinary shares of the Company at 21 January 2023 were the same at 31 December 2022.

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 as at date of this statement are as follows:

Lim Han Boon (Chairman)	Independent Director
Chan Siew Wei	Independent Director
Dong Lingling (Appointed on 20 April 2023)	Executive 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 and statement of changes in equity of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2022 prior to their submission to the Board of Directors, as well as the independent auditor's report on these financial statements; 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.

Audit committee (Continued)

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

ZHAI KEBIN
Chairman and Chief Executive Officer

DONG LINGLING
Executive Director

28 April 2023

Crowe Horwath First Trust LLP
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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of China Mining International Limited (the "Company") and its subsidiaries (the "Group") set out on pages 63 to 148, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, 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 and statement of changes in equity of the Company 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 and statement of changes in equity 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 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company 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 for the year ended 31 December 2022. These audit matters identified were 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 matters.

Key Audit Matters (Continued)

Accounting for business acquisition *Refer to the following notes to the financial statements* *Note 11(a) "Acquisition of subsidiaries"* *Note 39 "Comparatives"*	
The key audit matter	***How the matter was addressed in our audit***
As disclosed in Note 11(a) to the financial statements, on 17 December 2021, the Group completed its business acquisition of the entire issued and paid-up capital of Fully Rich International Investment Limited ("Fully Rich") for a total non-cash consideration of RMB 37,111,000. During the financial year, the Group, with the involvement of an external valuation expert, completed the purchase price allocation ("PPA") exercise for the acquisition of Fully Rich. Consequently, a finalised gain on bargain purchase amounting to RMB 39,484,000 is recognised, which is retrospectively adjusted to profit or loss for the financial year ended 31 December 2021, with corresponding adjustments to fair value of non-financial assets and non-controlling interests. The completion of PPA to measure assets and liabilities at fair value also have corresponding effects on the financial statements of the current financial year, such as the amount of amortisation and depreciation of relevant assets, mainly bearer plants. We focused on this area because of the identification of the acquired assets and liabilities and assessment of their respective fair values requires significant degree of management's judgement and estimates. Therefore, this has been identified as a Key Audit Matter.	Our audit procedures included, amongst others: • Evaluated the independence, competency and objectivity of the external valuer engaged by management. • Held discussions with management and the external valuer to understand the PPA exercise. • Evaluated the reasonableness of management's key judgements and estimates, including selection and application of methods, model, significant assumption, and data sources and selection of the point estimate. • Involved a valuation specialist as auditors' expert to review the allocation of the purchase price to the respective assets and liabilities acquired and the valuation of the consideration transferred, including evaluating: - the appropriateness and reasonableness of the methodology and key assumption used; and - the completeness in the identification of acquired assets and liabilities not previously recognised on the books of the acquiree. • Evaluated the completeness, accuracy and relevance of data used in valuation models. • Evaluated completeness, accuracy and relevance of disclosures in financial statements. Based on the results of our audit procedures performed, we found estimates used in management's assessment of the fair value of the assets acquired and liabilities assumed and the resultant gain on bargain purchase recognised from the acquisition to be reasonable.

Key Audit Matters (Continued)

Valuation of the investment in the equity interest in Sino Feng *Refer to the following notes to the financial statements* *Note 12 "Financial assets, at fair value through other comprehensive income (FVOCI)"* *Note 3(a) "Critical accounting estimates, assumptions and judgments"*	
The key audit matter	**_How the matter was addressed in our audit_**
As at 31 December 2022, the Group has an investment in unquoted equity instrument of RMB 56,767,000 measured at fair value. Fair value gain recognised in Other Comprehensive Income for the year amounting to RMB 1,167,000. Management has engaged an external valuer to perform a valuation of the mining project underlying the investment in Sino Feng Mining International S.àr.l. ("Sino Feng") to determine the fair value of this equity investment. The valuation process involved significant judgement in estimating future cash flows, especially that of the iron ore selling price, license renewal period, discount rate, operating and capital expenditure. Due to the high level of judgement required and the presence of significant estimation uncertainty involved, this has been identified as a Key Audit Matter.	Our audit procedures included, amongst others: • Considered the appropriateness of the valuation methodology and tested the information used by management and the external valuer. • Reviewed the significant assumptions underlying the projected cash flows, including the projected iron ore selling price, license renewal period, discount rate, capital expenditure, and considered relevant external and internal factors. • Engaged a valuation specialist as auditor's expert to assist in the review of the variables and outcomes in the valuation report of the mining project underlying the investment, including challenging the valuation methods, testing the mathematical accuracy of the discounted cash flows model, assessing the reasonableness of the significant assumptions used and comparing against available market data. • Evaluated the sensitivity of the significant assumptions by considering downside scenarios against reasonably plausible changes to the significant assumptions and challenged management's fair value assessment on the investment in accordance with the requirements of IFRS 13; and • Evaluated the adequacy and appropriateness of the relevant disclosures in relation to the judgement and valuation techniques used to determine the fair value of the equity investment. Based on the results of our audit procedures performed, we found the methodology applied and the significant assumptions underlying the valuation of the investment applied by the Group to be within range of estimates used in our evaluation. We also considered the relevant disclosures in the consolidated financial statements to be appropriately describing the inherent degree of estimation uncertainty.

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.

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

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.

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, actions taken to eliminate threats or safeguards applied.

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

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 Cheong Keng Chuan, Alfred.

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

28 April 2023

As at 31 December 2022
(Amounts in thousands of Chinese Renminbi ("RMB'000"))

	Note	Group		Company	
		2022 RMB'000	2021 RMB'000 (Restated) (Note 11)	2022 RMB'000	2021 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	29,161	33,684	1	3
Bearer plants	7	124,341	115,474	-	-
Right-of-use assets	8	56,021	56,321	-	-
Land use rights	9	38	40	-	-
Intangible assets	10	647	765	-	-
Subsidiaries	11	-	-	153,912	165,311
Financial assets, at FVOCI	12	56,767	55,600	56,767	55,600
Deferred tax assets	24	-	-	-	-
		266,975	261,884	210,680	220,914
Current assets					
Financial assets, at FVPL – structured deposits	13	-	15,770	-	-
Financial assets, at FVPL – quoted securities	14	-	-	-	-
Inventories	15	4,119	2,218	-	-
Trade receivables	16	5,163	3,794	-	-
Other receivables, deposits and prepayments	17	13,886	8,720	209	103
Amounts due from related parties (non-trade)	18	11,662	11,736	-	-
Amounts due from subsidiaries (non-trade)	19	-	-	41	17
Pledged bank deposits	20, 37(i)	119	225	-	-
Cash and cash equivalents	21	15,095	7,566	728	1,252
		50,044	50,029	978	1,372
TOTAL ASSETS		317,019	311,913	211,658	222,286
LIABILITIES					
Non-current liabilities					
Borrowings	23	54,564	55,018	-	-
Amounts due to related parties (non-trade)	18	11,110	22,991	-	-
		65,674	78,009	-	-

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022
(Amounts in thousands of Chinese Renminbi ("RMB'000"))

	Note	Group		Company	
		2022 RMB'000	2021 RMB'000 (Restated) (Note 11)	2022 RMB'000	2021 RMB'000
LIABILITIES					
Current liabilities					
Trade payables		6,945	5,576	-	-
Accruals and other payables	22	12,958	12,196	1,012	1,403
Amounts due to related parties (non-trade)	18	-	34	-	-
Amounts due to subsidiaries (non-trade)	19	-	-	117,006	127,280
Borrowings	23	36,319	28,280	-	-
Income tax payable		2,453	2,961	-	-
		58,675	49,047	118,018	128,683
TOTAL LIABILITIES		124,349	127,056	118,018	128,683
NET ASSETS		192,670	184,857	93,640	93,603
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Issued capital	25	15,806	13,142	15,806	13,142
Share premium	26	271,358	259,797	271,358	259,797
Treasury shares	27	(18)	(18)	(18)	(18)
Distributable reserve	28(a)	267,600	267,600	267,600	267,600
Capital reserve	28(b)	49,031	49,031	-	-
Fair value deficit	29	(13,664)	(14,831)	(13,664)	(14,831)
Statutory reserve	28(c)	312	-	-	-
Accumulated losses		(442,869)	(434,102)	(447,442)	(432,087)
		147,556	140,619	93,640	93,603
Non-controlling interests	11(c)	45,114	44,238	-	-
TOTAL EQUITY		192,670	184,857	93,640	93,603

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 2022
(Amounts in thousands of Chinese Renminbi ("RMB'000"))

	Note	2022 RMB'000	2021 RMB'000 (Restated) (Note 11)
Revenue from contracts with customers	30(a)	60,379	8,207
Cost of sales		(48,945)	(8,985)
Gross profit / (loss)		11,434	(778)
Selling and distribution expenses		(2,902)	(48)
General and administrative expenses		(16,228)	(13,466)
Impairment loss on financial assets	4(ii)	(1,008)	(570)
Reversal of impairment of financial assets	4(ii)	57	5,004
Other income	31	3,307	39,543
Other expenses	32	(645)	(1,757)
Finance income	33(a)	18	257
Finance expense	33(b)	(2,119)	(75)
(Loss) / Profit before tax	34	(8,086)	28,110
Tax credit / (expense)	35	507	(869)
(Loss) / Profit for the year		(7,579)	27,241
Other comprehensive income / (loss), net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Equity investment at FVOCI - net change in fair value	12	1,167	(5,309)
Total comprehensive (loss) / income for the year		(6,412)	21,932
(Loss) / Profit attributable to:			
Equity holders of the Company		(8,455)	27,241
Non-controlling interests	11(c)	876	-
		(7,579)	27,241
Total comprehensive (loss) / income attributable to:			
Equity holders of the Company		(7,288)	21,932
Non-controlling interests	11(c)	876	-
		(6,412)	21,932
(Loss) / Earnings per share (RMB cents)			
- Basic and diluted	36	(2.19)	14.95

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022
(Amounts in thousands of Chinese Renminbi ("RMB'000"))

Group	Attributable to equity holders of the Company								Non-controlling interests	Total equity
	Issued capital	Share premium	Treasury shares	Statutory reserve	Other reserves	Fair value deficit	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.1.2021	7,083	228,745	(18)	-	336,631	(9,522)	(461,343)	81,576	-	81,576
Profit for the year	-	-	-	-	-	-	27,241	27,241	-	27,241
Other comprehensive loss, net of tax:										
- Equity investment at FVOCI - net change in fair value	-	-	-	-	-	(5,309)	-	(5,309)	-	(5,309)
Contribution by owners										
- Shares issued for acquisition (Notes 11(a))	6,059	31,052	-	-	-	-	-	37,111	-	37,111
Acquisition of subsidiaries with non-controlling interests (Note 11(a))	-	-	-	-	-	-	-	-	44,238	44,238
Balance at 31.12.2021 (Restated)	13,142	259,797	(18)	-	336,631	(14,831)	(434,102)	140,619	44,238	184,857
Balance at 1.1.2022 (Restated)	13,142	259,797	(18)	-	336,631	(14,831)	(434,102)	140,619	44,238	184,857
Loss for the year	-	-	-	-	-	-	(8,455)	(8,455)	876	(7,579)
Other comprehensive (loss) / income, net of tax:										
- Equity investment at FVOCI-net change in fair value	-	-	-	-	-	1,167	-	1,167	-	1,167
Contribution by owners										
- Issuance of new ordinary shares (Notes 25 and 26)	2,664	11,561	-	-	-	-	-	14,225	-	14,225
- Transfer to statutory reserve	-	-	-	312	-	-	(312)	-		
Balance at 31.12.2022	15,806	271,358	(18)	312	336,631	(13,664)	(442,869)	147,556	45,114	192,670

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022
(Amounts in thousands of Chinese Renminbi ("RMB'000"))

Company	Issued capital	Share premium	Treasury shares	Distributable reserve	Fair value deficit	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.1.2021	7,083	228,745	(18)	267,600	(9,522)	(427,451)	66,437
Loss for the year	-	-	-	-	-	(4,636)	(4,636)
Other comprehensive loss, net of tax:							
- Equity investment at FVOCI-net change in fair value	-	-	-	-	(5,309)	-	(5,309)
Contribution by owners							
- Shares issued for acquisition (Note 11(a))	6,059	31,052	-	-	-	-	37,111
Balance at 31.12.2021	13,142	259,797	(18)	267,600	(14,831)	(432,087)	93,603
Balance at 1.1.2022	13,142	259,797	(18)	267,600	(14,831)	(432,087)	93,603
Loss for the year	-	-	-	-	-	(15,355)	(15,355)
Other comprehensive income, net of tax:							
- Equity investment at FVOCI-net change in fair value	-	-	-	-	1,167	-	1,167
Contribution by owners							
- Issuance of new ordinary shares (Note 25 and 26)	2,664	11,561	-	-	-	-	14,225
Balance at 31.12.2022	15,806	271,358	(18)	267,600	(13,664)	(447,442)	93,640

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022
(Amounts in thousands of Chinese Renminbi ("RMB'000"))

	Note	2022 RMB'000	2021 RMB'000 (Restated)
Cash flows from operating activities			
(Loss) / Profit before tax		(8,086)	28,110
Adjustments:			
Depreciation of property, plant and equipment	6	4,939	210
Depreciation of bearer plants	7	1,541	-
Depreciation of right-of-use assets	8	1,739	-
Amortisation of land use rights	9	2	3
Amortisation of intangible assets	10	118	-
Bearer plants written off	34	107	-
Bargain purchase on acquisition of subsidiaries	11(a)	-	(39,484)
Loss on disposal of property, plant and equipment	32	15	-
Gain from modification of lease liabilities	31	(61)	-
Impairment loss on financial assets:			
- Trade receivables	4(ii)	994	-
- Other receivables	4(ii)	-	570
- Amount due from related parties	4(ii)	14	-
Reversal of allowance on financial assets:			
- Trade receivables	4(ii)	(57)	-
- Other receivables	4(ii)	-	(5,000)
- Amount due from related parties	4(ii)	-	(4)
Interest income	33(a)	(18)	(257)
Interest expense:			
- Share-margin financing facility		-	71
- Term loans	23(ii)	1,574	-
- Lease liabilities	23(ii)	1,378	4
- Others	33(b)	332	-
Write off of trade and other payables	31	(283)	-
Fair value gain on financial assets, at FVPL – structured deposits	13	(151)	(34)
Fair value loss on financial assets, at FVPL – quoted securities	14	-	1,640
(Gain) / Loss on exchange difference		(105)	40
Operating profit / (loss) before working capital changes		3,992	(14,131)
Completed properties for sale		-	8,985
Inventories		(1,901)	-
Trade receivables		(2,306)	-
Other receivables, deposits and prepayments		(3,530)	6,595
Pledged bank deposits		106	525

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

For the financial year ended 31 December 2022
(Amounts in thousands of Chinese Renminbi ("RMB'000"))

	Note	2022 RMB'000	2021 RMB'000 (Restated)
Cash flows from operating activities (Continued)			
Trade payables		1,577	(1)
Accruals and other payables		736	(7,715)
Advances from / (Repayment to) related parties		60	(35)
Financial assets, at FVPL – quoted securities	14	-	41,369
Cash (used in) / generated from operations, representing the net cash (used in) / from operating activities		(1,165)	35,592
Cash flows from investing activities			
Interest received		18	257
Financial assets, at FVPL – structured deposits			
- Additions	13	(66,540)	(29,920)
- Redemption	13	82,461	35,184
Purchase of property, plant and equipment	6	(479)	(6)
Net cash inflow on acquisition of subsidiaries	11(a)	-	3,284
Capital expenditure on bearer plants	7	(5,765)	-
Proceeds from disposal of property, plant and equipment		48	-
Net cash from investing activities		9,743	8,799
Cash flows from financing activities			
Advance from related parties (non-trade)	5	10,285	6,020
Repayment to related parties (non-trade)		(22,200)	-
Repayment of bank loans	23(ii)	(16,229)	(7,600)
Repayment of lease liabilities	23(ii)	(3,266)	(485)
Repayment of margin facilities	14	-	(36,568)
Repayment of finance expenses		(332)	(71)
Proceeds from bank loans drawndown	23(ii)	18,000	-
Deposit paid to corporate guarantors	17(ii)	(1,625)	-
Proceeds from issuance of new shares	25, 26	14,225	-
Net cash used in financing activities		(1,142)	(38,704)
Net increase in cash and cash equivalents		7,436	5,687
Cash and cash equivalents at beginning of the year		7,566	1,919
Exchange difference on cash and cash equivalents		93	(40)
Cash and cash equivalents at end of the year	21	15,095	7,566

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

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

1. GENARAL 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 5-Floor Zhong Chuang Building, Intersection of Zhong Wang Road and Zheng Guang North Street, Jin Shui District, Zheng Zhou City, Henan Province 450000, People's Republic of China ("PRC").

The Company's immediate and ultimate holding company is China Focus International Limited, incorporated in British Virgin Islands. The ultimate controlling party of the Group is the former Chairman of the Group, Mr. Guo Yinghui ("Mr. Guo")

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are shown in Note 11.

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 28 April 2023.

2. FUNDAMENTAL ACCOUNTING CONCEPT

During the current financial year ended 31 December 2022, the Group has recorded a net loss for the year of RMB 6,571,000 excluding impairment of financial assets of RMB 1,008,000 (2021: RMB 17,247,000 excluding one off gain on bargain purchase of RMB 39,484,000 and write back of impairment loss on financial assets of RMB 5,004,000). The Group has recorded operating cash outflows of RMB 1,165,000 (2021: operating cash inflows of RMB 35,592,000 mainly from disposal of quoted securities of RMB 41,369,000). As at 31 December 2022, the Group was in net current liabilities of RMB 8,631,000 (2021: net current assets of RMB 982,000). Included in current assets and current liabilities are amount due from/to related parties of RMB 11,662,000 (2021: RMB 11,736,000) and RMB 11,110,000 (2021: RMB 22,991,000) respectively, representing Mr. Guo's controlled entities. External term loan payable in the next 12 months is RMB 28,856,000 (2021: RMB 24,498,000). The net profit of Agri Sub-group (as defined in Note 11: Subsidiaries) for the current year of RMB 2,377,000 were not adequate to return the other entities' loss to profitable position mainly due to adverse effects from Covid-19 and after effects of the Henan torrential deluge experienced in during FY2021.

Despite the above factors, the accompanying financial statements have been prepared on a going concern basis. Management's assessment of the Group's and the Company's ability to continue as a going concern includes the following key assumptions:

(a) The Group's agriculture business will be able to generate higher operating profits and operating cash inflows in financial year 2023;

2. FUNDAMENTAL ACCOUNTING CONCEPT (Continued)

(b) The Group continues to obtain financial support from Mr. Guo, a controlling shareholder of the Group, to enable the Group to operate as a going concern and to meet its obligations as and when they fall due. In particular, Mr. Guo has agreed not to recall for payment of the aggregate amount owing to related parties, being his controlled entities, of RMB 11,110,000 within the next 12 months which has been classified as non-current liabilities (Note 18(ii));

(c) Relating to term loans included in current liabilities totaling RMB 28,856,000, as at the date of authorisation of these financial statements, the Group has managed to roll-over Loan 2 of RMB 5,000,000 for a year and is in the progress of negotiating with the government agency (Loan 3) to restructure the short-term loan to be repayable beyond 12 months from date of restructuring. In addition, subsequent to the reporting date, the Agri Sub-group has also obtained non-legally binding Letter of Intent from a different bank in PRC to grant a facility up to RMB 20,000,000; and

(d) The directors of the Company carried out a detailed review of the Group's cash flows forecast prepared by the management for the next 12 months. Based on the cash flows forecast, the directors of the Company are of the opinion that there is adequate liquidity to finance the working capital requirements of the Group for the next 12 months.

In view of the above, the accompanying financial statements have been prepared on a going concern basis and no adjustment has been made to the financial statements to reflect the situation that assets may be realised other than in the normal course of business or at significantly different amount from that being currently recorded in the statements of financial position in the unlikely event that the Group and the Company cannot continue to operate on a going concern in the foreseeable future. In such circumstances, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the International Financial Reporting Standards ("IFRS"). The financial statements are presented in Chinese Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) as indicated, unless otherwise stated.

The preparation of the financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

Adoption of new and revised standards

On 1 January 2022, 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.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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
IFRS 17: *Insurance Contracts*	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2*: Disclosures of Accounting Policies*	1 January 2023
Amendments to IAS 8*: Definition of Accounting Estimates*	1 January 2023
Amendments to IAS 12: *Deferred tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendment to IFRS 17: *Initial Application of IFRS 17 and IFRS 9 - Comparative Information*	1 January 2023
Amendments to IAS 1: *Classification of Liabilities as Current or Non-Current; and* Amendments to IAS 1: *Non-current Liabilities with Covenants*	1 January 2024
Amendments to IFRS 16: *Lease Liabilities in a Sale and Leaseback*	1 January 2024
Amendments to IFRS 10 and IAS 28: *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

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.

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:

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(a) Basis of consolidation (Continued)

- 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 IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(b) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group. The Group determines that it has acquired a business when the acquired set of assets and activities includes, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(b) Acquisition of businesses (Continued)

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 (that do not qualify as measurement period adjustments as discussed below) which is deemed to be an asset or liability, will be recognised in accordance with IFRS 9 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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year from acquisition date.

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 a financial asset depending on the level of influence retained.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsidiaries

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

Currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Exchange 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.

Construction in progress includes all cost of construction and other direct costs. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is reclassified to the appropriate category of property, plant and equipment when complete and ready to use. Construction in progress is not depreciated. All other 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:

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

	Useful lives (Years)	Estimated residual value as a percentage of cost (%)
Buildings	20 years	0% to 3%
Furniture, fixtures and equipment	3 to 10 years	0% to 5%
Motor vehicles	5 to 10 years	3% to 10%
Plant and machinery	5 to 15 years	0% to 5%
Leasehold improvements	Over the lease terms of 2 to 3 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.

The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

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)".

Bearer plants

Bearer plants are living plants that are used in the production or supply of agricultural produce, which are expected to bear produce for more than one period. Bearer plants related to agriculture activity are accounted for using the cost model within the scope of IAS 16. Bearer plants comprise mature and immature pomegranate plantations, which are measured as follows:

(a) Immature plantations are stated at cost which consists mainly of accumulated costs of land clearing, planting, fertilising, up-keeping and maintaining the plantation, and allocations of indirect overhead costs up to the time the plants become commercially productive and available for harvest. Costs also including capitalised borrowing costs and other charges incurred in connection with the financing of the development of immature plantations. In general, pomegranate trees take 5 years to reach maturity from the time seedlings are planted.

(b) Mature plantations are stated at cost, less accumulated depreciation and any impairment losses. Depreciation is charged so as to write off the cost of mature plantation on a straight-line basis over the estimated useful lives of 25 years post maturity.

The carrying values of the bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The useful life and depreciation method are reviewed at each reporting date and adjusted prospectively, if appropriate.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the bearer plant is included in profit or loss in the year the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Biological assets

A biological asset is a living animal or plant managed by an enterprise which is involved in the agricultural activity of the transformation of biological assets for sale, into agricultural produce, or into additional biological assets. The biological assets of the Group relate to the following:

Agricultural produce — Harvested pomegranate
Agricultural produce harvested from bearer plants is measured at their fair value less costs to sell at the point of harvest. Such measurement is the cost at that date when applying IAS 2 Inventories. A gain or loss arising from agricultural produce at the point of harvest at fair value less costs to sell is included in profit or loss for the period in which it arises.

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.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost, which includes the purchase price and other directly attributable cost of preparing the asset for its intended use. The cost of intangible assets acquired in a business combination is their fair values at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

Patents and trademarks

The patents and trademarks were acquired in business combinations and are initially stated at acquisition cost and subsequently carried at cost less accumulated amortisation and any impairment losses. The cost is amortised through profit or loss over their estimated useful lives of 3 to 8 years using the straight-line method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecasts calculations are generally covering a period of five years. The value in use calculation is based on a forecasting future cash flow model. The cash flows are derived from the budget for the following 12 months and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

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

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

Financial assets and liabilities

(i) Initial recognition and measurement

Trade receivables are initially recognised when they are originated. Other financial assets and financial liabilities 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.

Trade receivables without financing component is initially measured at the transaction price in accordance with IFRS 15. Other financial assets or financial liabilities are initially recognised at fair value plus, in the case of financial assets or liabilities not at fair value through profit or loss, directly attributable transaction costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (Continued)

(ii) Classification and subsequent measurement

Financial assets

Financial assets are classified and subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, at the following categories:

- Amortised costs
- Fair value through Other Comprehensive Income (FVOCI) – Debt investments
- FVOCI – Equity investments
- Fair value through profit or loss (FVPL)

Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing financial assets, in which case such reclassification will be applied prospectively from the reclassification date.

Financial assets at amortised costs

Unless designated at FVPL, financial assets are measured at amortised costs if:

- It is held within a business model with an objective to hold the assets to collect contractual cash flows; and
- Its contractual cash flows comprise of solely principal and interest on the principal amount outstanding

These assets, mainly trade and other receivables, deposits, pledged bank deposits, amounts due from related parties and cash and cash equivalents, are subsequently measured at amortised costs using the effective interest rate method, which is reduced by impairment losses. Interest income, foreign exchange differences, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

Unless designated at FVPL, a debt investment is measured at FVOCI if:

- It is held within a business model with objectives of both collecting contractual cash flows and selling financial assets; and
- Its contractual cash flows comprise of solely principal and interest on the principal amount outstanding

These assets are subsequently measured at fair value. Interest income calculated on effective interest rate method, foreign exchange differences and impairment are recognised in profit or loss. Other net gains and losses (including changes in fair value) are recognised in OCI. The cumulative amounts in OCI are reclassified to profit or loss upon derecognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets (Continued)

Equity investments at FVOCI

Unless held-for-trading, the Group may irrevocably elect on initial recognition, on an investment-by-investment basis, to present subsequent changes of fair value of the equity investments in OCI.

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses (including changes in fair value) are recognised in OCI which will never be reclassified to profit or loss.

Financial assets at FVPL

All financial assets not at amortised cost or FVOCI as described above are measured at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI to be measured at FVPL, if doing so eliminates or significantly reduce accounting mismatch that would otherwise arise.

Financial assets held for trading or are managed and whose performance is evaluated on a fair value basis would be mandatorily measured at FVPL.

These assets are subsequently measured at fair value. Net gains or losses, including any interest income or dividend income are recognised in profit or loss.

As at 31 December 2022 and 31 December 2021, the Group does not have the category of financial assets, at FVOCI, financial assets – Debt investments.

Financial liabilities

Financial liabilities are subsequently measured at amortised costs unless it is held for trading (including derivative liabilities), or designated as financial liabilities at FVPL on initial recognition to significantly reduce accounting mismatch or when a group of financial liabilities are managed whose performance is evaluated on a fair value basis.

Financial liabilities at amortised costs are subsequently measured at amortised costs using the effective interest rate method. Interest expense and foreign exchange differences are recognised in profit or loss. These financial liabilities mainly comprise accruals, trade and other payables, including amounts due to related parties and subsidiaries, borrowings and lease liabilities.

Financial liabilities at FVPL are measured at fair value with net gains and losses (including interest expense) recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

As at 31 December 2022 and 31 December 2021, the Group does not have other categories of financial liabilities except for financial liabilities at amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (Continued)

(iii) Derecognition

Financial assets

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 or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial assets. On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the derecognition date and the sum of the consideration received is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace concerned.

Financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount of the financial liabilities extinguished, or transferred and the consideration paid (including non-cash transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Group applies impairment model in IFRS 9 to measure the Expected Credit Losses (ECL) of the following categories of assets:

- Financial assets at amortised costs (trade and other receivables, deposits, pledged bank deposits, amounts due from related parties and cash and cash equivalents)
- Financial guarantee contracts

ECLs are probability-weighted estimates of credit losses, which are measured at the present value of all cash shortfalls (difference between the cash flows due to the Group in accordance with the contracts and the cash flows that the Group expects to receive), discounted at effective interest rate of the financial asset. The expected cash flows include cash flows from the sale of collaterals held, if any, or other credit enhancements that are integral to the contractual terms.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach

The Group applies simplified approach to all trade receivables. Impairment loss allowance is measured at life time ECL, which represents ECLs that result from all possible default events over the expected life of a financial instrument ('life-time ECL'). The Group considers collective impairment based on historical credit loss experience of customers with common credit characteristics; and considers individual assessment based on credit quality and trading history of respective customers with significant balances, adjusted for forward-looking factors specific to those customers and the economic environment.

General approach

The Group applies general approach on all other financial instruments and financial guarantee contracts, and recognises a 12-month ECL on initial recognition. 12-months ECL are ECLs that result from possible default events within 12 months after the reporting date or up to the expected life of the instrument, if shorter.

Impairment loss allowance or reversals are recognised in profit or loss. Loss allowance on financial assets at amortised cost are deducted from the gross carrying amount of those assets.

<u>Significant increase in credit risk (Stage 2)</u>
For credit exposures for which there has been a significant increase in credit risk since initial recognition, impairment loss allowance is measured at life-time ECL. When a financial asset is determined to have a low credit risk at reporting date, the Group assumes that there has been no significant increase in credit risk since initial recognition. For other cases, the Group uses reasonable and supportable forward-looking information available without undue cost or effort to determine, at each reporting date, whether there is significant increase in credit risk since initial recognition. In assessing whether there has been significant increase in credit risks, the Group takes into account factors such as:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations
- actual or expected significant adverse change in the regulatory, economic, or technological environment that are expected to cause a significant change in the debtor's ability to meet its debt obligations
- an actual or expected significant change in the operating results of the debtors

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

If credit risk has not increased significantly since initial recognition or if the credit quality improves such that there is no longer significant increase in credit risk since initial recognition, loss allowance is measured at 12-month ECL.

<u>Definition of default</u>
The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligation in full, without recourse by the Group; or
- The financial asset is more than 180 days past due, unless otherwise indicated in credit risk note (Note 4(ii)).

The Group considers a financial asset to be in default when the customer or borrower is unlikely to pay its credit obligation in full, without recourse by the Group. The Group considers a financial guarantee contract to be in default when the customer is unlikely to pay its loan obligations to the bank in full, without recourse by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Credit-impaired (Stage 3)

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off the gross carrying amount of a financial assets to the extent that there is no realistic prospect of recovery, for example when the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the Group, or the debtor has been struck off.

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Consumables (comprising fertilisers, chemicals, packing materials and other supplies): purchase costs
- Work-in-progress and finished goods: cost of direct materials, direct labour and an attributable proportion of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Rental income arising from operating leases on leasehold lands (Right-of-Use asset) is recognised on a straight-line basis over the lease terms.

(ii) As lessee

At the lease commencement date, the Group recognises a Right-of-Use (ROU) asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and low-value leases as described below.

<u>ROU assets</u>

ROU assets are initially measured at cost, which comprise initial amount of lease liability, any lease payment made at or before commencement date, plus initial direct costs incurred, less lease incentives received. Initial direct costs are costs that would not have been incurred if the lease had not been obtained.

Whenever the Group incurs obligations for costs to dismantle and remove a leased asset, restore the site or the underlying asset to the condition required by the terms and conditions of the lease contract, a provision is recognised and measured under IAS 37; and included in the carrying amount of the ROU assets to the extent that the costs relate to a ROU asset. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from commencement date to the earlier of end of lease terms and useful life of the ROU assets. In addition, the ROU assets are also adjusted for certain remeasurement of lease liability.

ROU assets are presented as a separate line item on the statements of financial position.

At commencement or modification of a contract that contains lease and non-lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease and non-lease component.

<u>Lease liability</u>

Lease liability is initially measured at the present value of lease payments discounted using interest rate implicit in the lease, or if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate, which is estimated by reference to interest rates from various external financing sources for similar terms such as lease terms, type of assets leases and economic environment.

The following lease payments are included in the measurement of lease liability:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if is reasonably certain to exercise the option, and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

(ii) As lessee (Continued)

Lease liability (Continued)

Lease liability is measured at amortised cost using effective interest method. Remeasurement of lease liability (and corresponding adjustment to ROU asset, or to profit or loss when the ROU asset has been reduced to zero) is required when there is:

- a change in future lease payments arising from changes in an index or rate, in which case the initial discount rate is used;
- a change in the Group's assessment of whether it will exercise an extension or termination option, in which case a revised discount rate is used; or
- modification in the scope or the consideration of the lease that was not part of the original term and not accounted for as separate lease, in which case a revised discount rate at effective date of modification is used.

The Group presents the lease liabilities within "Borrowings" on the statements of financial position.

Exemption / exclusion
The following leases / lease payments are not included in lease liabilities and ROU asset:

- The Group has elected not to recognise ROU asset and lease liabilities for short term leases (defined as leases with a lease term of 12 months or less). For such leases, the Group recognises the lease payments in profit or loss as an operating expense on a straight-line basis over the lease term.

Provisions

General

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

In accordance with industry practice, the Group provided guarantees to banks for mortgage loans taken by certain buyers of the Group's properties.

Financial guarantees issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of expected loss computed using the ECL impairment methodology under IFRS 9. ECL for financial guarantees issued are measured as the expected payments to reimburse the banks less any amounts that the Company expects to recover from the buyers.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried for at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the reporting date are included in current borrowings on the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue.

Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. This includes those costs on borrowings acquired specifically to finance the development of pomegranate plantations, as well as those in relation to general borrowings for working capital purposes. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing cost are capitalised until the assets are substantially completed for their intended use or sale, i.e. when the bearer plants have matured. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interests and other costs that an entity incurs in connection with the borrowing of funds.

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 non-distributable capital reserve of the Company.

Revenue from contracts with customers

The Group 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, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Unless otherwise mentioned, the Group concludes that it is acting as a principal in the provision of goods or services in its contracts with customers.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

(a) Sales of goods

The Group supplies consumer goods via online platforms; and sells agricultural products sourced from third parties via a fruit distribution centre. Revenue from sale of goods is recognised upon transfer of control to the end customers usually at the point in time when the goods have been delivered to customers and upon their acceptance. Payment of the transaction price is made prior to arrangement of delivery for goods sold on the online platforms. For payments received for which goods has yet to be delivered as at reporting date, the amounts is classified as contract liabilities within "Accruals and other payables".

(b) Sales of self-cultivated agricultural produce

Revenue from sales of pomegranate fruits is recognised upon transfer of control to the customers usually at the point in time when the goods have been delivered to customers and upon their acceptance. Sales are made with credit terms of 45-60 days. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

(c) Sales of completed properties

Under the transfer-of-control approach in IFRS 15, revenue from the sale of completed properties is recognised at the point in time when control over the properties is transferred to the customers. Control over the properties refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the properties.

The Group concludes that the revenue from sale of completed properties is recognised when all of the following criteria have been met:

- the sale and purchase agreement has been signed;
- the full payment is received from the customers and their financier; and
- the property is ready for handover to the customers, as stipulated in the sale and purchase agreement.

When physical possession of properties are not transferred solely due to the customers' delay in completing the hand-over procedures, the Group has deemed that the properties have been handed over to the customers as specifically provided for in the sale and purchase agreements. In such circumstances, even though the customers have not formally accepted the properties as they have yet to complete the inspection procedures, the Group assessed that this will not defer the transfer of control.

Sale deposit and instalments received from customers prior to the transfer of control are included in "Contract liabilities".

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and that the Group will comply with all the attached conditions. Where the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is amortised to profit or loss over a systematic basis over the expected useful life of the relevant asset.

When the grant relates to expenses, it is recognised in profit or loss as other income on a systematic basis in periods in which the related costs, for which it intended to compensate, are recognised as expenses, unless the conditions are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest income

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

Employees' benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Retirement benefits

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

People's Republic of China ("PRC")

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

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

(iii) 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 to be adequate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries 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.

The carrying amount of deferred tax assets is reviewed at each reporting date 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 date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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); or
  (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents 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.

A contingent asset is a possible asset 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.

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

An operating segment is a component of the Group that engages in business activities from which it may earn resources and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

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.

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.

Other than as disclosed in Note 12, there are no judgements made by management (apart from those involving estimations) in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments (Continued)

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) Valuation of financial assets, at FVOCI

Management has measured the fair value of the financial assets, at FVOCI representing the unquoted equity investment of 40.15% in Sino Feng using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable data when possible, but when this is not feasible, a degree of judgement is required in establishing the fair value. The critical assumptions include significant judgement in estimating future cash flows, especially the iron ore selling price, license renewal period, discount rate, capital and operating expenditure, etc. Changes in these key assumptions could affect the reported fair value of financial assets, at FVOCI. The valuation technique and assumptions as well as the relevant sensitivity analysis are described in Note 12.

(b) Impairment of trade and other receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that the amounts of trade and 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 2022 was trade receivables and other receivables with carrying amount of RMB 5,163,000 (2021: RMB 3,794,000) and RMB 604,000 (2021: RMB 523,000) respectively, which are stated after allowance made for impairment loss amounting to RMB 937,000 and RMB 5,000,000 (2021: RMB Nil and RMB 5,000,000) respectively. The factors considered by the management in individually determining that these balances were impaired are disclosed in Notes 4(ii), 16 and 17(i). 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.

(c) 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. As at 31 December 2022, the total carrying amount of investment in subsidiaries is RMB 153,912,000 (2021: RMB 165,311,000), after net of impairment on Elegant Jade of RMB 475,733,000 (2021: RMB 464,334,000).

During the year, the Company recognised on impairment loss amounting to RMB 11,399,000 (2021: RMB Nil) to write down its cost of investment in Elegant Jade to its recoverable amount, taking into account the balance due to Elegant Jade amounting to RMB 117,006,000 (2021: RMB 127,280,000) and its net current assets position.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments (Continued)

(d) Income taxes

Land Appreciation Tax ("LAT")

LAT is levied on properties developed by the Group for sale in the PRC, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, and relevant property development expenditures. The Group has been pre-paying LAT based on pre-determined rates. In view of the fully handover of remaining property units in prior year, the condition to commence finalisation of LAT calculations with local tax authorities in the PRC has been fulfilled, the timing of which is at the discretion of the local tax authorities.

Until the finalisation of LAT calculation, the Group recognised LAT based on management's best estimates according to understanding of the tax laws, regulations and practices as advised by local tax expert. Given the uncertainties of the calculation basis of LAT to be interpreted by the local tax bureau may be different from the management estimates, the actual outcomes may be higher or lower than that estimated at the end of the reporting period.

If the estimated allowable deductible expenses increases / decreases by 3.00% (2021: 3.00%) from management's estimates, the Group expects the accumulated LAT expenses up to 31 December 2022 will decrease / increase by approximately RMB 4,461,000 (2021: RMB 4,461,000).

The carrying amount of the Group's LAT recoverable at the end of the reporting period was approximately RMB 2,850,000 (2021: RMB 2,850,000).

Corporate Income Tax ("CIT")

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. LAT as calculated above will be an input for the CIT calculation and hence is subject to uncertainty. 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 5,303,000 (2021: RMB 5,811,000), which has been offset with the above LAT recoverable balance of RMB 2,850,000 (2021: RMB 2,850,000) to derive at the net income tax payable of RMB 2,453,000 (2021: RMB 2,961,000) as at 31 December 2022 presented on the consolidated statement of financial position.

Where the final tax outcome of LAT and CIT is different from the amounts that were initially recognised, such differences will impact the tax expense in the period in which such determination is made.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments (Continued)

(d) Income taxes (Continued)

Deferred tax assets not recognised

The Group has unrecognised tax losses carried forward amounting to RMB 71,453,000 (2021: RMB 73,946,000). 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 expiry dates of such tax losses are disclosed in Note 24.

4. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

	Group		Company	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets, at FVOCI	56,767	55,600	56,767	55,600
Financial assets, at FVPL	-	15,770	-	-
Financial assets at amortised cost	35,999	25,650	883	1,269
	92,766	97,020	57,650	56,869
Financial liabilities				
Financial liabilities at amortised cost	118,492	121,601	118,018	128,683

Financial risk management objectives and policies

(i) Market risk

(a) Foreign exchange risk

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'000"))

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

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
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2022					
Financial assets					
Trade receivables	5,163	-	-	-	5,163
Other receivables and deposits	3,950	-	10	-	3,960
Cash and cash equivalents	14,076	664	75	280	15,095
Pledged bank deposits	119	-	-	-	119
Amount due from related parties	11,662	-	-	-	11,662
	34,970	664	85	280	35,999
Financial liabilities					
Trade payables	6,945	-	-	-	6,945
Accrual and other payables	8,683	-	-	871	9,554
Borrowings - Term loans	29,576	-	-	-	29,576
Borrowings - Lease liabilities	61,307	-	-	-	61,307
Amounts due to related parties	11,110	-	-	-	11,110
	117,621	-	-	871	118,492
Net financial (liabilities) / assets	(82,651)	664	85	(591)	(82,493)
Less: Net financial liabilities denominated in the respective entities' functional currency	82,651	-	-	-	82,651
Foreign currency exposure	-	664	85	(591)	158

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

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
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2021					
Financial assets					
Trade receivables	3,794	-	-	-	3,794
Other receivables and deposits	2,320	-	9	-	2,329
Cash and cash equivalents	6,035	911	67	553	7,566
Pledged bank deposits	225	-	-	-	225
Financial assets, at FVPL – structured deposits	15,770	-	-	-	15,770
Amount due from related parties	11,736	-	-	-	11,736
	39,880	911	76	553	41,420
Financial liabilities					
Trade payables	5,576	-	-	-	5,576
Accrual and other payables	8,474	-	-	1,228	9,702
Borrowings - Term loans	26,074	-	-	-	26,074
Borrowings - Lease liabilities	57,224	-	-	-	57,224
Amounts due to related parties	23,025	-	-	-	23,025
	120,373	-	-	1,228	121,601
Net financial (liabilities) / assets	(80,493)	911	76	(675)	(80,181)
Less: Net financial liabilities denominated in the respective entities' functional currency	80,493	-	-	-	80,493
Foreign currency exposure	-	911	76	(675)	312

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

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

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
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2022					
Financial assets					
Other receivables	-	114	-	-	114
Cash and cash equivalents	-	446	58	224	728
Amounts due from subsidiaries (non-trade)	41	-	-	-	41
	41	560	58	224	883
Financial liabilities					
Accruals and other payables	141	-	-	871	1,012
Amounts due to subsidiaries (non-trade)	117,006	-	-	-	117,006
	117,147	-	-	871	118,018
Net financial (liabilities) / assets	(117,106)	560	58	(647)	(117,135)
Less: Net financial liabilities denominated in the Company's functional currency	117,106	-	-	-	117,106
Foreign currency exposure	-	560	58	(647)	(29)

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

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
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2021					
Financial assets					
Cash and cash equivalents	-	711	50	491	1,252
Amounts due from subsidiaries (non-trade)	17	-	-	-	17
	17	711	50	491	1,269
Financial liabilities					
Accruals and other payables	175	-	-	1,228	1,403
Amounts due to subsidiaries (non-trade)	127,280	-	-	-	127,280
	127,455	-	-	1,228	128,683
Net financial (liabilities) / assets	(127,438)	711	50	(737)	(127,414)
Less: Net financial liabilities denominated in the Company's functional currency	127,438	-	-	-	127,438
Foreign currency exposure	-	711	50	(737)	24

Foreign exchange risk sensitivity analysis

The following table details the sensitivity to a 5% (2021: 5%) strengthening and weakening in the relevant foreign currencies against the Renminbi. 5% (2021: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the Group's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% (2021: 5%) change in foreign currency rates.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

If the relevant foreign currencies weaken by 5% (2021: 5%) against the Renminbi, profit / (loss) for the year will increase / (decrease) by:

	United States dollar impact		Hong Kong dollar impact		Singapore dollar impact	
	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
(Loss) / Profit for the year	25	(34)	3	(3)	(22)	25
Company						
Loss for the year	21	27	2	2	(24)	(28)

A 5% (2021: 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

As disclosed in Note 23, the Group has financing facilities granted by banks and a government agency. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise interest rate swap or other arrangements for trading or speculative purposes. As at 31 December 2022, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

The Group's interest-bearings assets are primarily pledged bank deposits (Note 20) which bear fixed interest rates. Summary quantitative data of the Group's interest-bearing financial liabilities, mainly term loans (2021: term loans) can be found in part (iii) of this note.

Interest in financial instruments subject to floating interest rates is repriced regularly. Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group that are not included in the table in part (iii) of this note are not subject to interest rate risks.

Interest risk sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting periods in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If the interest rates had been 100 basis point higher or lower and all other variables were held constant, the Group's loss for the year ended 31 December 2022 would decrease / increase by RMB 137,000 (2021: RMB 103,000). This mainly attributable to the Group's exposure to interest rates on its variable rates term loans.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. For financial assets, the Group adopts the policy of dealing only with high credit quality counterparties, which are considered to be low risk. Cash and cash equivalents (Note 21), financial assets, at FVPL – structured deposits (Note 13) and pledged bank deposits (Note 20) of the Group are placed with reputable financial institutions in Singapore, PRC and Hong Kong.

Expected credit losses model under IFRS 9

The Group manages credit loss based on Expected Credit Losses (ECL) model. The Group and Company have the following financial assets subject to ECL:

Group	**Trade receivables**				
	Not past due	1 to 90 days	91 days to 180 days	More than 180 days	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Note 16)
<u>2022</u>					
Gross amount of financial assets subject to ECL as at reporting date	4,925	31	435	709	6,100
<u>Movement of life-time ECL</u>:					
Balance at 1 January 2022	-	-	-	-	-
Recognised in profit or loss					
- ECL reversal arising from the recovery of balances	-	-	-	57	57
- ECL recognised	(366)	-	(435)	(193)	(994)
Balance at 31 December 2022	(366)	-	(435)	(136)	(937)
Carrying amounts of financial assets, representing net exposure as at reporting date	4,559	31	-	573^	5,163

^ The credit risk of a balance of RMB 559,000 is mitigated by an agreement to offset the balance with future purchases of consumables from this counterparty.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Credit risk (Continued)

Expected credit losses model under IFRS 9 (Continued)

Group	**Other receivables**		
	Stage-3	Stage-1	
	- Hongjing	- Others	Total
	RMB'000	RMB'000	RMB'000
	(Note 17(i))	(Note 17)	(Note 17)
2022			
Gross amount of financial assets subject to ECL as at reporting date	5,000	604	5,604
Movement of life-time ECL:			
Balance at 1 January 2022	(5,000)	-	(5,000)
Recognised in profit or loss			
- ECL recognised	-	-	-
Balance at 31 December 2022	(5,000)	-	(5,000)
Carrying amounts of financial assets, representing net exposure as at reporting date	-	604	604

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Credit risk (Continued)

Expected credit losses model under IFRS 9 (Continued)

Group	**Other receivables**			
	Stage-3	Stage-3	Stage-1	
	- Utility fees paid on behalf of customer	- Hongjing	- Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 17(iii))	(Note 17(i))	(Note 17)	(Note 17)
2021				
Gross amount of financial assets subject to ECL as at reporting date	-	5,000	523	5,523
Movement of life-time ECL:				
Balance at 1 January 2021	-	(10,000)	-	(10,000)
Recognised in profit or loss				
- ECL reversal arising from the recovery of balances	-	5,000	-	5,000
- ECL recognised	(570)	-	-	(570)
Written off	570	-	-	570
Balance at 31 December 2021	-	(5,000)	-	(5,000)
Carrying amounts of financial assets, representing net exposure as at reporting date	-	-	523	523

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Credit risk (Continued)

Expected credit losses model under IFRS 9 (Continued)

Group	**Amount due from related parties**		
	Stage-3	Stage-1	
	Property development segment	Agriculture segment	Total (Note 18)
	RMB'000	RMB'000	RMB'000
2022			
Gross amount of financial assets subject to ECL as at reporting date	168	11,662	11,830
Movement of life-time ECL:			
Balance at 1 January 2022	(154)	-	(154)
ECL recognised during the year	(14)	-	(14)
Balance at 31 December 2022	(168)	-	(168)
Carrying amounts of financial assets, representing net exposure as at reporting date	-	11,662	11,662
2021			
Gross amount of financial assets subject to ECL as at reporting date	154	11,736	11,890
Movement of life-time ECL:			
Balance at 1 January 2021	(158)	-	(158)
ECL reversal during the year, arising from the recovery of balances	4	-	4
Balance at 31 December 2021	(154)	-	(154)
Carrying amounts of financial assets, representing net exposure as at reporting date	-	11,736	11,736

General 3-stages approach is applied in the ECL assessment of the above financial assets.

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Credit risk (Continued)

Expected credit losses model under IFRS 9 (Continued)

Trade receivables
Trade receivables relates to small numbers of customers such as fruit distributors and distribution platforms in PRC which has long term trading relationship. The Group considers trade receivables are credit-impaired when the customers fail to make contractual payments after 180 days when due.

Other receivables due from Hongjing
During the current financial year, balance owing by Hongjing is transferred from Stage 2 to Stage 3 as it has not adhered to the agreed instalment plan for 2021 and 2022 as disclosed in Note 17(i).

Amount due from related parties
Management assessed that, as at 31 December 2022, there is low credit risk for the amount due from holding company and other related parties (representing Mr. Guo's controlled entities) recorded in the Agri Sub-group segment acquired during previous year, in view that the Agri Sub-group owed an approximate balance to Mr. Guo's controlled entities (Note 18) and he personally guarantees the repayment of these receivables within the next 12 months.

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

Financial guarantees contracts issued
In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks for certain buyers' mortgage loans in the property development segment). The details of nature of guarantees and the assessment are disclosed in Note 37(i).

Management assesses that there are no material ECL on bank balances (Note 20 and 21), and deposits paid to corporate guarantors and lessors (Note 17).

Credit risk concentration
As at 31 December 2022, other than as disclosed elsewhere and in Note 37(i), the Group's significant credit risk exposure to single counterparty or group of counterparties having similar characteristics, are mainly described below:

- Cash and cash equivalents amounting to RMB 895,000 (2021: RMB 1,143,000) (Note 21) and pledged deposits amounting to RMB 119,000 (2021: RMB 225,000) (Note 20) are placed with 4 (2021: 3) of the 4 largest state-owned commercial banks in the PRC

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Credit risk (Continued)

Expected credit losses model under IFRS 9 (Continued)

Credit risk concentration (Continued)

- Due from related parties amounting to RMB 11,662,000 (2021: RMB 11,736,000) (Note 18) owing to the holding company, in which Mr. Guo has controlling financial interest
- Deposits paid to third party guarantors amounting to RMB 2,925,000 (2021: RMB 1,300,000) to secure term loan borrowings
- One balance of the Agri sub-group's customers represented 58% (2021: 79%) of the Group's total trade receivables

(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 is 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 and includes both interest and principal cash flows.

Group	Weighted average effective interest rate	On demand or not later than 1 year	Later than 1 year and not later than 5 years	More than 5 years
	%	RMB'000	RMB'000	RMB'000
2022				
Non-interest bearing liabilities:				
Trade and other payables		16,499	-	-
Amount due to related parties		-	11,110	-
Interest bearing liabilities:				
Lease liabilities (fixed rate)	6.16% - 7.18%	10,616	26,096	57,515
Term loans (fixed rate)	7% - 7.63%	11,024	768	-
Term loans (floating rate)	3.95% - 6.04%	18,249	-	-
Financial guarantee issued (Note 37(i)), net of bank deposits pledged	-	4,632	-	-
		61,020	37,974	57,515

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Liquidity risk (Continued)

Group	Weighted average effective interest rate	On demand or not later than 1 year	Later than 1 year and not later than 5 years	More than 5 years
	%	RMB'000	RMB'000	RMB'000
2021				
Non-interest bearing liabilities:				
Trade and other payables		15,278	-	-
Amount due to related parties		34	22,991	-
Interest bearing liabilities:				
Lease liabilities (fixed rate)	7.18%	7,363	25,851	63,091
Term loans (fixed rate)	7% - 7.63%	11,257	1,792	-
Term loans (floating rate)	3.95% - 10.75%	13,821	-	-
Financial guarantee issued (Note 37(i)), net of bank deposits pledged	-	6,045	-	-
		53,798	50,634	63,091

	Company	
	2022	2021
	RMB'000	RMB'000
Repayable on demand or within 1 year		
Non-interest bearing liabilities	118,018	128,683

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 2021.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

4. FINANCIAL INSTRUMENTS (Continued)

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)

The following table shows an analysis of financial instruments measured and carried at fair value by the level of fair value hierarchy:

Group		Level 1	Level 2	Level 3
		RMB'000	RMB'000	RMB'000
2022				
Financial assets, at FVOCI				
- Unquoted equity investment	(a)	-	-	56,767

Group		Level 1	Level 2	Level 3
		RMB'000	RMB'000	RMB'000
2021				
Financial assets, at FVOCI				
- Unquoted equity investment	(a)	-	-	55,600
Financial assets, at FVPL				
- Structured deposits	(b)	-	15,770	-
		-	15,770	55,600

(a) For financial assets, at FVOCI, the fair value of the financial assets cannot be derived from active markets, the fair value was determined using valuation techniques, i.e. discounted cash flows model, which uses significant unobservable data. The inter-relationship of the significant unobservable inputs is disclosed in Note 12.

(b) For financial assets, at FVPL - structured deposits, the fair value of the financial product investment is evaluated based on published yield rate of the investment product at the reporting date (Note 13).

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

4. FINANCIAL INSTRUMENTS (Continued)

Fair value of financial instruments (Continued)

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

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	
	2022 RMB'000	2021 RMB'000
Financial assets, at FVOCI (Note 12)		
At beginning of the year	55,600	60,909
Fair value gain / (loss) recognised in other comprehensive income	1,167	(5,309)
At end of the year	56,767	55,600

There has been no financial instrument transfer from Level 1 and Level 2 to Level 3 during financial year ended 31 December 2022 and 31 December 2021.

(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, pledged bank deposits, trade and other receivables and payables, including amounts due from / (to) related parties, and term loans are reasonable approximation of fair value due to their short-term nature except as explained below:

- The fair value of fixed-rate term loans repayable after next 12 months (Loan 5), discounted at market interest rate, approximates the carrying amount.

- In relation to the amount due to related parties which was classified as non-current liabilities, the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. However, the repayment scheduled in year 2024 and beyond was not determinable at this stage and hence fair value cannot be estimated.

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

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

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

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. In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	Group	
	2022	2021
	RMB'000	RMB'000
Advance from related parties [(i)] (Note 18)	10,285	6,020
Advance to a related party [(i)]	100	-

Note:

[(i)] These related parties refer to certain entities which are controlled by Mr. Guo, a key management personnel and ultimate controlling party of the Company.

The balances arising from the above transactions are unsecured, non-interest bearing and repayable on demand.

The remuneration of directors and other key management personnel ("KMP") of the Group during the financial years were as follows:

	Group	
	2022	2021
	RMB'000	RMB'000
Short-term benefits	4,926	4,498
Post-employment benefits (defined contribution)	88	67
	5,014	4,565

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

6. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Plant and machinery	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
As at 1.1.2021	220	5,609	672	3,265	-	-	9,766
Additions	-	-	6	-	-	-	6
Acquisition of subsidiaries (Note 11(a))	18,452	-	7,456	328	6,806	62	33,104
Write-off	-	(5,609)	-	-	-	-	(5,609)
As at 31.12.2021	18,672	-	8,134	3,593	6,806	62	37,267
As at 1.1.2022	18,672	-	8,134	3,593	6,806	62	37,267
Additions	-	-	37	390	52	-	479
Disposals	-	-	-	(202)	(103)	-	(305)
Write-off	-	-	(7)	-	-	-	(7)
As at 31.12.2022	18,672	-	8,164	3,781	6,755	62	37,434
Accumulated depreciation and impairment							
As at 1.1.2021	171	5,609	382	2,820	-	-	8,982
Charge for the year	10	-	100	100	-	-	210
Write-off	-	(5,609)	-	-	-	-	(5,609)
As at 31.12.2021	181	-	482	2,920	-	-	3,583
As at 1.1.2022	181	-	482	2,920	-	-	3,583
Charge for the year	2,306	-	1,634	305	694	-	4,939
Disposals	-	-	-	(182)	(60)	-	(242)
Write-off	-	-	(7)	-	-	-	(7)
As at 31.12.2022	2,487	-	2,109	3,043	634	-	8,273
Net carrying value							
As at 31.12.2022	16,185	-	6,055	738	6,121	62	29,161
As at 31.12.2021	18,491	-	7,652	673	6,806	62	33,684

As at 31 December 2022, certain items of equipment with a carrying value of RMB 1,955,174 (2021: RMB 3,118,380) has been pledged to a finance company as security for financing facilities (Note 23).

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Furniture, fixtures and equipment
	RMB'000
Cost	
As at 1.1.2021, 31.12.2021 and 31.12.2022	11
Accumulated depreciation	
As at 1.1.2021	5
Charge for the year	3
As at 31.12.2021	8
As at 1.1.2022	8
Charge for the year	2
As at 31.12.2022	10
Net carrying value	
As at 31.12.2022	1
As at 31.12.2021	3

7. BEARER PLANTS

Group	Mature plantations	Immature plantations	Total
	RMB'000	RMB'000	RMB'000
Cost			
As at 1.1.2021	-	-	-
Acquisition of subsidiaries (Note 11(a))	36,794	78,680	115,474
As at 31.12.2021 (Restated)	36,794	78,680	115,474
As at 1.1.2022	36,794	78,680	115,474
Transfer from immature plantations due to maturity	35,925	(35,925)	-
Capitalisation of interest expense (Note 23)	-	2,128	2,128
Capitalisation of depreciation expense of right-of-use assets (Note 8)	-	2,622	2,622
Capital expenditure on bearer plants	-	5,765	5,765
Write off	(108)	-	(108)
As at 31.12.2022	72,611	53,270	125,881

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

7. BEARER PLANTS (Continued)

Group	Mature plantations	Immature plantations	Total
	RMB'000	RMB'000	RMB'000
Accumulated depreciation			
As at 1.1.2021 and as at 31.12.2021	-	-	-
As at 1.1.2022	-	-	-
Charge for the year	1,541	-	1,541
Write off	(1)	-	(1)
As at 31.12.2022	1,540	-	1,540
Net carrying value			
As at 31.12.2022	71,071	53,270	124,341
As at 31.12.2021 (Restated)	36,794	78,680	115,474

Borrowing costs capitalised as the cost of immature plantations for the financial year ended 31 December 2022 amounted to RMB 2,128,000 (2021: RMB 274,000). The interest capitalised is the actual interest incurred on the borrowings to finance the cultivation of pomegranate plantations.

8. RIGHT-OF-USE ASSETS

Group	Leasehold land	Leasehold land and building	Total
	RMB'000	RMB'000	RMB'000
Cost			
As at 1.1.2021	-	2,050	2,050
Write-off (i)	-	(2,050)	(2,050)
Acquisition of subsidiaries (Note 11(a)) (ii)	55,813	508	56,321
As at 31.12.2021	55,813	508	56,321
As at 1.1.2022	55,813	508	56,321
Increase arising from reassessment of lease liabilities	4,192	-	4,192
Decrease due to reduction in lease area	(131)	-	(131)
As at 31.12.2022	59,874	508	60,382

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

8. RIGHT-OF-USE ASSETS (Continued)

Group	Leasehold land	Leasehold land and building	Total
	RMB'000	RMB'000	RMB'000
Accumulated depreciation			
As at 1.1.2021	-	2,050	2,050
Write-off [(i)]	-	(2,050)	(2,050)
As at 31.12.2021	-	-	-
As at 1.1.2022	-	-	-
Charge for the year [(iii)]	4,325	36	4,361
As at 31.12.2022	4,325	36	4,361
Net carrying value			
As at 31.12.2022	55,549	472	56,021
As at 31.12.2021	55,813	508	56,321

Notes:

(i) The Group leased office premises in Henan, PRC, for a term of 3 years. The ROU assets had been fully impaired since 31 December 2019 and have been written off in 2021 due to lapse of the lease.

(ii) Brought in by the newly acquired agriculture business, the Group has taken over the lease contracts with the local farming communities who hold the relevant land contractual management rights for leasehold lands used for pomegranate plantations and processing plant under constructions, and leasehold land and building used in the agriculture operations in the PRC. Lease of land generally have lease terms ranging from 10 to 30 years with remaining lease term between 6 to 25 years as at 31 December 2022. The leases are non-cancellable and the renewal is subject to lessors' approval with the Group having the first right of refusal. The Group is restricted from assigning and subleasing the leased assets with carrying amount of RMB 3,085,000 (2021: RMB 3,275,000). The future lease payments for leasehold land are variable and linked to the lowest state purchasing price for wheat that set by the government.

(iii) The depreciation expenses are allocated to:

	2022	2021
	RMB'000	RMB'000
(a) Capitalised to:		
- Bearer plants (Note 7)	2,622	-
(b) Recognised to profit or loss:		
- Cost of sales	1,549	-
- Administrative expenses	190	-
The depreciation expenses are allocated to:	1,739	-
	4,361	-

The corresponding lease liabilities are disclosed in Note 23 to the financial statements.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

8. RIGHT-OF-USE ASSETS (Continued)

Short-term leases and leases of low-value assets
The Group also has certain leases of office equipment with lease terms of less than 12 months or with low value. The Group applies "short-term lease" and "lease of low-value assets" recognition exemptions for these leases and recognise lease expenses on a straight-line basis in the profit or loss as disclosed in Note 34.

9. LAND USE RIGHTS

	Group	
	2022	2021
	RMB'000	RMB'000
Net carrying value		
At beginning of the year	40	43
Amortisation	(2)	(3)
At end of year	38	40

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 2022, amortisation of RMB 2,000 (2021: RMB 3,000) has been charged to profit or loss.

10. INTANGIBLE ASSETS

Group	Patents and trademarks
	RMB'000
Cost	
As at 1.1.2021	-
Acquisition of subsidiaries (Note 11(a))	765
As at 31.12.2021 (Restated)	765
As at 1.1.2022 and 31.12.2022	765
Accumulated amortisation	
As at 1.1.2021, 31.12.2021 and 1.1.2022	-
Charge for the year	118
As at 31.12.2022	118
Net carrying value	
As at 31.12.2022	647
As at 31.12.2021	765

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

10. INTANGIBLE ASSETS (Continued)

The Group holds patents and trademarks for the branding of its agriculture products. The carrying amount of the patent is RMB 647,000 (2021: RMB 765,000) which will be fully amortised in 2 to 7 years (2021: 3 to 8 years).

11. SUBSIDIARIES

	Company	
	2022	2021
	RMB'000	RMB'000
Unquoted equity shares, at cost	234,946	197,835
Deemed investment at cost (i)	378,795	378,795
Deemed investment in a subsidiary (ii)	15,904	15,904
Acquisitions during the year (Note (a)) – Fully Rich	-	37,111
	629,645	629,645
Less: Impairment loss (Note (b))		
Balance at 1 January	(464,334)	(464,334)
Recognised during the year	(11,399)	-
Balance at 31 December	(475,733)	(464,334)
	153,912	165,311
Represented by:		
Investment in Elegant Jade	116,801	128,200
Investment in Fully Rich	37,111	37,111
	153,912	165,311

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.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

11. SUBSIDIARIES (Continued)

Particulars of the Company's subsidiaries as at 31 December 2022 and 31 December 2021 are as follows:

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			2022	2021
			%	%
Held by the Company				
Elegant Jade Enterprises Limited ("Elegant Jade") (i) (ii)	Investment holding	British Virgin Islands	100	100
Nice Rhythms Limited (i) (ii)	Investment holding	British Virgin Islands	100	100
China Mining Singapore Pte. Ltd. (i)	Mining consultancy and investment holding	Singapore	100	100
Fully Rich International Investment Limited ("Fully Rich") or ("Agri HoldCo") (i) (ii)	Investment holding	Hong Kong	100 Note (a)	100 Note (a)
Direct / Indirect subsidiaries of Elegant Jade				
Zhengzhou Shengderun Mining Co., Ltd (formerly known as "Anyang Huilong Real Estate Co., Ltd") (i)	Investment holding	PRC	100	100
Henan Xinyouji Trading Co., Ltd (i) (iii)	Trading and supply chain management of minerals	PRC	100	-
Henan Jiangui Supply Chain Management Co., Ltd. (i) (iii)	Trading and supply chain management of minerals	PRC	100	-
Henan Liangai Supply Chain Management Co., Ltd. (i) (iii)	Trading and supply chain management of minerals	PRC	100	-
Xinxiang Huilong Real Estate Co., Ltd (i)	Property development and investment holding	PRC	100	100
Henan Sunshine Elegant Jade Real Estate Co., Ltd (i)	Investment holding	PRC	100	100
Zhengzhou KunChang Properties Co., Ltd (i) (iv)	Inactive	PRC	-	100

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

11. SUBSIDIARIES (Continued)

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			2022	2021
			%	%
Direct / Indirect subsidiaries of Fully Rich				
Henan Zhongnong Huasheng Agriculture Science and Technology Co. Ltd. (i)	Plantation, cultivation and selling of agricultural produce	PRC	63.11	63.11
Zhengzhou Rundong Fruit Forest Co., Ltd. (i)	Plantation, cultivation and selling of agricultural produce	PRC	63.11	63.11
Gongyi Zhongnong Huasheng Agricultural Science and Technology Co., Ltd. (i)	Plantation, cultivation and selling of agricultural produce	PRC	63.11	63.11
Henan Central Agriculture and Commerce Co., Ltd. (i)	Selling agricultural produce and processed agricultural products	PRC	63.11	63.11
Henan Zhongnong Huasheng Industrial Co., Ltd. (i)	Processing, packaging and refrigerating agricultural produce	PRC	63.11	63.11
Henan Xinyounong Supply Chain Management Co., Ltd. (i) (iii)	Trading and supply chain management of agricultural products and produce	PRC	63.11	-
Henan Younong Future Supply Chain Management Co., Ltd. (i) (iii)	Retailing and supply chain management via the internet concerning agricultural products and produce	PRC	63.11	-

Notes:

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

(ii) Not required to be audited by the law of the country of incorporation.

(iii) Incorporated during the financial year.

(iv) Struck off during the financial year.

11. SUBSIDIARIES (Continued)

(a) Acquisition of subsidiaries

On 17 December 2021 ("Acquisition Date"), the Company completed the acquisition of 100% of the issued and paid-up share capital of Fully Rich International Investment Limited ("Agri HoldCo") through the issuance of 162,000,000 new ordinary Shares (the "Consideration Shares") to the Vendors or their nominees in the relevant proportions. The aggregate consideration for the acquisition was S$7.938 million (or approximately RMB 37.111 million) ("Purchase Consideration"), measured at the market price of S$0.049 per Consideration Share on the Acquisition Date.

Agri HoldCo owns 63.11% of the registered capital of the Henan Zhongnong Huasheng Agriculture Science and Technology Co. Ltd, which in turns owns 4 wholly-owned subsidiaries ("Agri Sub-group"), all of which are in agriculture business as disclosed above.

The Vendors are controlled by the Group's former Chairman and Executive Director, Mr. Guo Yinghui. As announced by the Company on 31 March 2021, the purchase consideration represents a discount of approximately 55% as compared to an independent valuation on the Agri Sub-group on 30 June 2021. Such discount gives rise to a bargain purchase on acquisition as disclosed below. The acquisition will help the Group develop a more consistent and stable revenue and further diversify its business.

<u>Acquisition of Agri HoldCo</u>

As at 31 December 2021, purchase price allocation ("PPA") for the acquisition of Agri HoldCo was not completed and the identifiable assets acquired and liabilities assumed was measured on a provisional basis using carrying amounts in the acquiree's books.

The Group has subsequently concluded the PPA exercise and adjusted the net assets acquired and liabilities amounts recognised at the Acquisition Date on a retrospective basis to reflect new information obtained based on facts and circumstances that existed as of the Acquisition Date. Management engaged an independent valuer to measure the fair values. The gain on bargain purchase arising from the acquisition and the non-controlling interest (measured at its proportionate share of identifiable net assets of Agri Sub-group) have been adjusted upon finalisation of PPA.

The adjusted fair value of the identifiable assets acquired and liabilities assumed, at Acquisition Date, are as follows:

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

11. SUBSIDIARIES (Continued)

(a) Acquisition of subsidiaries (Continued)

Acquisition of Agri HoldCo (Continued)

	Provisional amount previously reported in FY2021 financial statements	Fair value adjustment made during measurement period	Restated amount in FY2021 financial statements
	RMB'000	RMB'000	RMB'000
Property, plant and equipment (Note 6)	33,104	-	33,104
Bearer plants (Note 7)	142,492	(27,018)	115,474
Intangible assets (Note 10)	-	765	765
Right-of-use assets (Note 8)	56,321	-	56,321
Inventories (Note 15)	2,218	-	2,218
Cash and cash equivalents	3,284	-	3,284
Trade receivables (Note 16)	3,794	-	3,794
Other receivables	7,944	-	7,944
Amount due from related parties	11,736	-	11,736
Amount due to related parties	(17,006)	-	(17,006)
Trade and other payables	(5,903)	-	(5,903)
Term loans (Note 23)	(33,674)	-	(33,674)
Lease liabilities (Note 23)	(57,224)	-	(57,224)
Total identifiable net assets acquired	147,086	(26,253)	120,833
Less: Non-controlling interests, measured at the proportionate share of the acquiree's net identifiable assets at Acquisition Date	(53,922)	9,684	(44,238)
Net identifiable net assets acquired	93,164	(16,569)	76,595
Purchase Consideration	37,111	-	37,111
Less: Fair value of identifiable net assets acquired	(93,164)	16,569	(76,595)
Gain on bargain purchase amount, included in "Other Income" (Note 31)	(56,053)	16,569	(39,484)
Effect of the acquisitions of subsidiaries on cash flows			
Total Adjusted Purchase Consideration	37,111	-	37,111
Less: Non-cash consideration (issuance of Consideration Shares)	(37,111)	-	(37,111)
Consideration settled in cash	-	-	-
Add: Cash and cash equivalents of acquired subsidiaries	3,284	-	3,284
Net cash inflow on acquisition	3,284	-	3,284

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

11. SUBSIDIARIES (Continued)

(a) Acquisition of subsidiaries (Continued)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Property, plant and equipment acquired

The fair value amount allocated from PPA at Acquisition Date of RMB 33,104,000. The fair value is determined based on market comparison technique and cost technique. This valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Bearer plants acquired

The fair value amount allocated from PPA at Acquisition Date is RMB 115,474,000. The fair value is determined based on multi period excess earnings method. This valuation method considers the present value of net cash flows related to contributory assets.

Intangible assets acquired

Intangible assets comprise patents and trademarks with fair value amount allocated from PPA at Acquisition Date of RMB 765,000. The fair value is determined based on relief-from-royalty method. This valuation method considers future royalties which would have to be paid to the owner of the patent for its current use.

(b) Impairment test on investment in subsidiaries

During the year, management has performed impairment assessment on Elegant Jade and recognised impairment loss amounting to RMB 11,399,000 (2021: RMB Nil) to write down its cost of investment in Elegant Jade to the recoverable amount, taking into account the balance due to Elegant Jade amounting to RMB 117,006,000 and its net current asset position.

(c) Interest in subsidiaries with Non-Controlling Interests ("NCI")

(i) The Group has the following subsidiaries that have material NCI to the Group.

Name of subsidiary	Proportion (%) of ownership interests and voting rights held by NCI	
	2022	2021
	%	%
Henan Zhongnong Huasheng Agriculture Science and Technology Co. Ltd. ("ZNHAST")	36.89	36.89

(ii) The carrying value of NCI to the Group is as follow:

	2022	2021
	$'000	$'000
Henan Zhongnong Huasheng Agriculture Science and Technology Co. Ltd.	45,114	44,238

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

11. SUBSIDIARIES (Continued)

(c) Interest in subsidiaries with Non-Controlling Interests ("NCI") (Continued)

(iii) The following summarises the financial information of ZNHAST and its subsidiaries, based on its financial statements prepared in accordance with IFRS, modified for fair value adjustment on acquisition.

	ZNHAST	
	2022	2021
	$'000	$'000 (Restated)
Revenue	60,379	-
Profit for the financial year	2,377	-
Attributable to NCI:		
- Profit for the financial year	876	-
Non-current assets	209,466	205,664
Current assets	30,385	25,560
Non-current liabilities	(54,563)	(55,018)
Current liabilities	(62,996)	(56,291)
Net assets	122,292	119,915
Accumulated NCI of the subsidiaries at end of financial year	45,114	44,238
Cash flows from operating activities	3,972	-
Cash flows used in investing activities	(5,600)	-
Cash flows used in financing activities	(7,567)	-

12. FINANCIAL ASSETS, AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	Group and Company	
	2022	2021
	RMB'000	RMB'000
At beginning of the year	55,600	60,909
Changes in fair value recognised in other comprehensive income	1,167	(5,309)
At end of the year	56,767	55,600
Representing:		
Unquoted equity investments		
Investment in Sino Feng Mining S.àr.l. ("Sino Feng")	56,767	55,600

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

12. FINANCIAL ASSETS, AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI) (Continued)

Judgement on classification of this investment

In accordance with the shareholders' agreement dated on 30 April 2017 entered between Sino Feng, Sino-Africa Mining International Limited ("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.

Upon initial adoption of IFRS 9 on 1 January 2019, the Group and the Company made an irrevocable election to measure the unquoted equity investments in Sino Feng at FVOCI as a strategic investment to tap into developed iron ore market in South Africa that has the potential to create long term value and returns. As a result, the investment is classified as financial asset at "Fair value through Other Comprehensive Income" (FVOCI).

Particulars of the Group's and Company's unquoted equity investment as at 31 December 2022 is as follows:

Unquoted investment	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interests	
			2022	2021
			%	%
Held by the Group and Company				
Sino Feng Mining International S.àr.l. ("Sino Feng")	Investment holding	Luxembourg	40.15	40.15
Held by Sino Feng, directly and indirectly				
Huixin Mining International Pty Limited	Investment holding	Republic of South Africa	100	100
Aero Wind Properties Pty Limited ("AWP")	Investment holding	Republic of South Africa	40	40

AWP holds a mining 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"). The issuance of mining licence is pending settlement of rehabilitation deposit amounting to South African Rand 10,091,000 (equivalent to RMB 4,137,000) and provision of mining programme and surveyed plan. The initial mining right period is 20 years upon issuance of the mining licence.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

12. FINANCIAL ASSETS, AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI) (Continued)

Judgement on classification of this investment (Continued)

The Group has engaged AP Appraisal Limited, an independent Hong Kong based valuer, to evaluate the fair value of the Thabazimbi Project as at 31 December 2022. Based on income-based approach, the valuation estimated the future cash flows for the period of the estimated operating lifespan of the mine according to the resource estimation and a suitable discount rate in order to calculate the present value.

Valuation technique and assumptions

Different values of an independent variable would impact a particular dependent variable under a given set of assumptions, especially iron ore price, discount rate and total amount of resource adopted in the valuation. The discounted cash flows included 30 years of exploring and mining period with revenue generation from year 2026 and assumed the mining licence can be successfully renewed for 10 years upon expiry in 20th year. The key assumptions applied in discounted cash flows which are considered significant unobservable inputs are disclosed as below:

	Group and Company		Inter-relationship between input and fair value
	31 December 2022	31 December 2021	
Saleable product	61 million tonnes	61 million tonnes	Positive
Average selling price of per tonne of iron ore *	USD 90.97	USD 89.37	Positive
Operating expenditure per tonne	USD 41.78	USD 41.18	Inverse
Capital expenditure	USD 263 million	USD 321 million	Inverse
Discount or weighted average cost of capital rate	14.00%	12.60%	Inverse
Contingency allowance	15.00%	15.00%	Inverse
Minority discount	25.00%	25.00%	Inverse
Exchange rate (USD: RMB)	6.9646	6.3757	Positive

* Based on market-derived futures price for iron ore for the initial 4 years as at valuation date, thereafter projected based on median of 10 years historical prices.

Inter-relationship between key unobservable inputs and fair value measurement:

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

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

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

12. FINANCIAL ASSETS, AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI) (Continued)

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

(iii) The estimated fair value would increase (decrease) if:
- Saleable product and selling price of iron ore were higher (lower)
- Operating and capital expenditure were lower (higher)
- Discount rate or weighted average cost of capital rate were lower (higher)
- Contingency allowance were lower (higher)
- Minority discount were lower (higher)
- Exchange rate were higher (lower)

Outcome of fair value measurement

Based on the valuation report issued by the valuer, the fair value of the financial assets at FVOCI as at 31 December 2022 is measured at USD 8,151,000 (2021: USD 8,720,000), which is equivalent to RMB 56,767,000 (2021: RMB 55,600,000). The Group and the Company recognised a net fair value gain amounting to RMB 1,167,000 (fair value loss in 2021: RMB 5,309,000) during the current year. There has been no disposal of such equity investment designated at FVOCI during the financial year.

Sensitivity analysis

The change in fair value is most sensitive to the market demand and selling price for the future sales of iron ore during the 30 years of exploring and mining period, which is determined based on following key assumptions:

- The selling price is estimated using the forecast of futures commodity price of iron ore
- The discount rate for the equity interests is the weighted average cost of capital of a comparable mix of debt and equity.

The following table shows the impact on the fair value of the investment as at 31 December 2022 if the key assumptions (selling price or discount rate) deviate by 1% and 0.1% respectively:

Percentage change in iron ore price	Average iron ore price (USD / tonne)	Fair value of FVOCI (RMB)	Increase / (Decrease) in fair value gain (RMB)
+1%	USD 91.88 / tonne	61,247,000	4,480,000
0%	USD 90.97 / tonne	56,767,000	-
-1%	USD 90.06 / tonne	52,288,000	(4,479,000)

Absolute change in discount rate	Applied discount rate	Fair value of FVOCI (RMB)	Increase / (Decrease) In fair value gain (RMB)
+0.1%	14.10%	55,249,000	(1,518,000)
0%	14.00%	56,767,000	-
-0.1%	13.90%	58,311,000	1,544,000

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

12. FINANCIAL ASSETS, AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI) (Continued)

Sensitivity analysis (Continued)

The following table shows the impact on the fair value of the investment as at 31 December 2021 if the key assumptions (selling price or discount rate) deviate by 1% and 0.1% respectively:

Percentage change in iron ore price	**Average iron ore price (USD / tonne)**	**Fair value of FVOCI (RMB)**	**Increase / (Decrease) in fair value loss (RMB)**
+1%	USD 90.26 / tonne	60,392,000	(4,792,000)
0%	USD 89.37 / tonne	55,600,000	-
-1%	USD 88.48 / tonne	50,808,000	4,792,000

Absolute change in discount rate	**Applied discount rate**	**Fair value of FVOCI (RMB)**	**Increase / (Decrease) In fair value loss (RMB)**
+0.1%	12.70%	53,834,000	1,766,000
0%	12.60%	55,600,000	-
-0.1%	12.50%	57,397,000	(1,797,000)

13. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL) – STRUCTURED DEPOSITS

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

	Group	
	2022	2021
	RMB'000	RMB'000
At beginning of the year	15,770	21,000
Addition	66,540	29,920
Redemption	(82,461)	(35,184)
Changes in fair value recognised in profit or loss (Note 31)	151	34
At end of the year	-	15,770
Representing:		
- Non-principal protected financial products	-	15,770

The Group invested in non-principal protected financial products with a top 20 commercial banks in the PRC. The investment does not have any fixed maturity term or coupon interest rates or yield return. For those investment redeemed during the year, the yield earned was ranging from 1.90% to 2.90% (2021: 1.40% to 2.80%) per annum, amounting to approximately RMB 151,000 (2021: RMB 34,000) included in "Other income" (Note 31).

These financial assets are mandatorily measured at FVPL.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

14. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL) – QUOTED SECURITIES

In August 2020, the Group invested in quoted investments in Shenzhen Stock Exchange and Shanghai Stock Exchange through a trustee company with investments amounted to RMB 63,608,000 through a share-margin facility of RMB 36,191,000 bearing interest at 6.20% per annum. The share-margin financing facility was secured by the pledge of the quoted equity instruments to the trustee company, with a maximum leverage ratio of 1:1 against amount deposited.

In prior financial year, the Company has disposed these investments amounting to RMB 82,275,000 and repaid share-margin facility amounting to RMB 36,568,000. Correspondingly, the Group incurred fair value loss amounting to RMB 1,640,000, which was recognised in prior year profit or loss as part of other expenses (Note 32).

(a) The movement of financial assets at FVPL in 2021 was as follows:

	Group
	2021
	RMB'000
Quoted equity instruments in the PRC - held for trading	
At beginning of the year	8,365
Additions, net of amount financed by share-margin facility (Note A)	75,550
Disposals (Note A)	(82,275)
Fair value loss	(1,640)
At end of the year	-

These financial assets are held for trading and mandatorily measured at FVPL.

(b) The movement of share-margin financing facility in 2021 was as follows:

	Group
	2021
	RMB'000
At beginning of the year	1,928
Additions – directly transferred to a trustee company to purchase quoted securities (Note A)	34,644
Repayment – financing cash outflows	(36,568)
Interest payable	(4)
At end of the year	-

Note A	RMB'000
Purchase of quoted securities through a trustee company	(75,550)
Less:	
Drawdown of margin facility, directly transferred to a trustee company	34,644
Proceeds from disposal	82,275
Net cash operating inflow arising from investment of quoted securities	41,369

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

15. INVENTORIES

	Group	
	2022	2021
	RMB'000	RMB'000
Work-in-progress	-	330
Finished goods	3,028	493
Consumables:		
- Fuel, chemical and packing supplies	856	1,136
- Fertilisers and general materials	185	121
- Others	50	138
Total inventories	4,119	2,218

The cost of inventories recognised as expense and included in cost of sales amounted to RMB 44,724,000, which is net of fair value gain on biological assets as detailed below. For financial year 2021, cost of sales comprised cost of completed properties for sale of RMB 8,985,000.

Information relating to biological assets: pomegranate fruits

	Group	
	2022	2021
	RMB'000	RMB'000
At beginning of year	-	-
Gain arising from changes in fair value less costs to sell [i]	13,376	-
Transfer of harvested fresh fruit to inventories – 1.8 tonnes	(13,376)	-
At end of year	-	-

[i] Determined at point of harvest, based on local published market price of pomegranate fruits, determined to be Level 2 fair value.

16. TRADE RECEIVABLES

	Group	
	2022	2021
	RMB'000	RMB'000
Trade receivables	6,100	3,794
Less: Allowance for impairment losses (Note 4(ii))		
- ECL recognised	(994)	-
- ECL reversed during the year	57	-
	(937)	-
	5,163	3,794

Trade receivables are unsecured, non-interest bearing and are generally on 45-60 days' credit terms.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Advances to staff	103	102	-	-
Other receivables [i]	5,604	5,523	114	-
Less: Allowance for impairment (Note 4(ii))	(5,000)	(5,000)	-	-
	604	523	-	-
Deposits paid to corporate guarantors[ii]	2,925	1,300	-	-
Prepayment [iii]	6,197	1,776	95	103
Prepaid rental [iv]	83	223	-	-
Rental deposits [iv]	328	404	-	-
Prepaid business and related tax	2,573	3,229	-	-
Prepaid construction costs [v]	1,073	1,163	-	-
	13,886	8,720	209	103

Notes:

(i) Included in other receivables (gross) of the Group as at 31 December 2022 was an amount of RMB 5,000,000 (2021: RMB 5,000,000) owing from Xinxiang Hongjing Zhiye Co., Ltd (新乡宏景置业有限公司)("Hongjing") to Xinxiang Huilong Real Estate Co., Ltd (新乡辉龙置业有限公司)("Xinxiang") for remaining proceeds for land disposal in Xinxiang City in FY 2013. Based on the latest supplementary agreement dated 23 December 2020, Hongjing agreed to settle the remaining amount of RMB 12,038,000 by (a) installments of RMB 9,038,000 by 31 December 2021, (b) the remaining RMB 3,000,000 by 30 June 2022; in consideration, Xinxiang will waive late payment penalty. The Group has received only RMB 7,038,000 by 31 December 2022, and the shortfall of 2021 and 2022 instalment of RMB 2,000,000 and RMB 3,000,000 respectively remain unsettled as at the date of authorisation of these financial statements. Based on the recoveries, the Group has reversed impairment loss of RMB Nil (2021: RMB 5,000,000) during the current financial year, and the carrying amount of the balance after impairment loss is RMB Nil (2021: RMB Nil) as management considered no further reversals of impairment loss is necessary at the authorisation of these financial statements, in view of the lack of certainty of the subsequent payment from Hongjing and lack of substantiating evidence or collaterals for Hongjing's financial capabilities (Note 4(ii)).

(ii) Deposits paid to third party guarantors relate to corporate guarantee granted to the Group to secure term loans borrowings as disclosed in Note 23(i).

(iii) Prepayment comprise upfront payments made to suppliers in relation to supply of goods, services and legal and professional services for the next financial year.

(iv) The rental paid in advance for short-term lease, deposit paid for leased equipment and rental deposit of the Group relate to the current corporate office located in Henan, PRC.

(v) Prepaid construction costs relate to the advances paid to sub-contractors to construct new processing plant. Relevant capital commitment is disclosed in Note 37 (ii) to the financial statements.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

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

	Group	
	2022	2021
	RMB'000	RMB'000
Included in Current assets:		
Amounts due from holding company	11,662	11,622
Amounts due from other related parties [i]	168	268
Less: Allowance for impairment (Note 4(ii))	(168)	(154)
	-	114
Total amount due from related parties	11,662	11,736
Included in Current liabilities:		
Amounts due to related parties – directors of subsidiaries [i] [ii]	-	(34)
Included in Non-current liabilities:		
Amounts due to related parties – KMP of subsidiaries [i] [ii]	(139)	(3,076)
Amounts due to other related parties [i] [ii]	(10,971)	(19,915)
	(11,110)	(22,991)
Total amount due to related parties	(11,110)	(23,025)

Notes:

[i] The other related parties (including holding company) refer to the entities controlled by Mr. Guo.

[ii] For an amount totalling RMB 11,110,000 due to KMP of subsidiaries and other related parties, the Group has unconditional right to defer repayments beyond 12 months as Mr. Guo and the KMP of a subsidiary have agreed and undertaken not to recall for payment for these balances within the next 12 months.

These non-trade balances are unsecured, non-interest bearing and repayable on demand, except as disclosed in (ii) above.

Impairment:

During the current financial year, the Group recognised an impairment loss of RMB 14,000 (2021: reversal of impairment RMB 4,000) to profit or loss (Note 4(ii)) on amount due from related parties.

Reconciliation of liabilities arising from financing activities

	Group	
	2022	2021
	RMB'000	RMB'000
At beginning of the year	23,025	34
Acquisition of subsidiaries (Note 11(a))	-	17,006
Advance from	10,285	6,020
Repayment to	(22,200)	(35)
At end of the year	11,110	23,025

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

19. AMOUNTS DUE FROM / (TO) SUBSIDIARIES (NON-TRADE)

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

20. 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 as disclosed in Note 37(i). These deposits carry interest rate ranging from 0% to 0.3% (2021: 0% to 0.3%) per annum. The pledged bank deposits will be released upon the issuance of ownership certificates of the mortgaged properties.

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank	15,071	7,544	728	1,252
Cash on hand	24	22	-	-
	15,095	7,566	728	1,252

As at 31 December 2022, the Group has cash and cash equivalents deposited with banks in the PRC denominated in RMB amounting to approximately RMB 14,076,000 (2021: RMB 6,035,000). 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.

22. ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables				
- Construction cost payables (i)	1,926	2,085	-	-
- Contract liabilities	101	-	-	-
- Others	7,700	6,339	1,012	1,332
Accrued expenses				
- Accrued business and related taxes	2,303	2,494	-	-
- Other accrued expenses (ii)	928	1,278	-	71
	12,958	12,196	1,012	1,403

Notes:

(i) The amount represents retention sum yet to be settled for completed processing factory of the agriculture segment.

(ii) Other accrued expenses of the Group and the Company include directors' fees payable amounting to RMB Nil (2021: RMB 70,769).

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

23. BORROWINGS

	Term loans	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
2022	(Note (i))	(Note (ii))	
Current liabilities			
Due within one year	28,856	7,463	36,319
Non-current liabilities			
Due after one year less than five years	720	15,707	16,427
Due after five years	-	38,137	38,137
	720	53,844	54,564
	29,576	61,307	90,883
2021			
Current liabilities			
Due within one year	24,498	3,782	28,280
Non-current liabilities			
Due after one year less than five years	1,576	13,751	15,327
Due after five years	-	39,691	39,691
	1,576	53,442	55,018
	26,074	57,224	83,298

(i) Term loans

	Group	
	2022	2021
	RMB'000	RMB'000
Due within one year		
Loan 1 (Unsecured)	8,000	8,000
Loan 2 (Unsecured)	10,000	5,000
Loan 3 (Unsecured)	10,000	10,000
Loan 4 (Unsecured)	-	747
Loan 5 (Secured)	856	751
	28,856	24,498
Due after one year less than five years		
Loan 5 (Secured)	720	1,576

23. BORROWINGS (Continued)

(i) Term loans (Continued)

Loan 1 (Unsecured)
This term loan of RMB 8,000,000 bears interest at 0.30% per annum above the bank's 1-year loan prime rate (LPR) and is payable on 23 June 2023. The loan is secured by way of corporate guarantee by third-party guarantor company; personal guarantee by Mr.Guo and his immediate family; and a director of a subsidiary.

Loan 2 (Unsecured)
This term loan of RMB 10,000,000 bears interest at 2.39% per annum above the bank's 1-year LPR and is payable on 23 January 2023 and 7 April 2023 respectively. The loans are secured by way of corporate guarantee by third-party guarantor company; personal guarantee by Mr.Guo and his immediate family; and certain directors of the Group.

Subsequent to year end, the Group has successfully rolled-over RMB 5,000,000 loan for one year. The due date of the remaining loan of RMB 5,000,000 has been extended to 30 June 2023 due to bank merger exercise.

Loan 3 (Unsecured)
This unsecured term loan of the Group with an initial term of 3 years granted by a government agency in the PRC of RMB 10,000,000 bears interest at 7% per annum.

The loan has matured by reporting date, however the lender does not demand for repayment, and the Group is in the progress of restructuring the loan such that the repayment terms is beyond 12 months from restructuring date.

Loan 4 (Unsecured)
The unsecured term loan of RMB 747,000 bears interest at 6.95% per annum above the bank's 1-year LPR and has been fully repaid in June 2022.

Loan 5 (Secured)
This mortgage loan of RMB 2,327,000 was obtained by a subsidiary from a third-party finance company, which is secured by way of pledge over the Group's equipment (Note 6). The loan is repayable in equal instalments over 33 months till September 2024 and interest is payable at 7.63% per annum.

(ii) Lease liabilities

The total cash outflows for the year for all lease contracts amounted to RMB 4,861,000 (2021: RMB 1,743,000), which includes short-term lease expenses not included in lease liabilities, as disclosed in Note 34.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

23. BORROWINGS (Continued)

(ii) Lease liabilities (Continued)

Reconciliation of liabilities arising from financing activities

		Financing cash flows		Non-cash changes					
					Accretion of interest				
	As at 1 January	Repayment of principal and interest	Additional drawdown	Acquisition of subsidiaries (Note 11(a))	Charged to profit or loss (Note 33(b))	Capitalised in bearer plant (Note 7)	Reassessment of lease liabilities	Lease modification	As at 31 December
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2022									
Term loans	26,074	(16,229)	18,000	-	1,574	157	-	-	29,576
Lease liabilities [i]	57,224	(3,266)	-	-	1,378	1,971	4,192	(192)	61,307
	83,298	(19,495)	18,000	-	2,952	2,128	4,192	(192)	90,883
2021									
Term loans	-	(7,600)	-	33,674	-	-	-	-	26,074
Lease liabilities [i]	481	(485)	-	57,224	4	-	-	-	57,224
	481	(8,085)	-	90,898	4	-	-	-	83,298

Notes:

[i] Interest expense on lease liabilities has been allocated to costs of sales and finance expenses amounting to RMB 1,165,000 (2021: RMB Nil) and RMB 213,000 (2021: RMB 4,000) (Note 33(b)) respectively.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

24. DEFERRED TAX ASSETS

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

	Impairment on completed properties for sale	
	RMB'000	RMB'000
At beginning of the year	-	1,045
Credit to profit or loss for the year (Note 35)	-	(1,045)
At end of the year	-	-

Unrecognised tax losses

The PRC subsidiaries have tax losses of approximately RMB 71,453,000 (2021: RMB 73,946,000) 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			
	2022		2021	
	RMB'000	Expiring in	RMB'000	Expiring in
Tax losses arising from financial year of:				
2017	-	-	8,542	2022
2018	10,665	2023	10,665	2023
2019	15,150	2024	15,150	2024
2020	24,326	2025	24,326	2025
2021	15,263	2026	15,263	2026
2022	6,049	2027	-	-
	71,453		73,946	

Notes:
No deferred tax asset is recognised on the above unutilised tax losses due to uncertainty of its recoverability as the PRC subsidiaries are dormant and has no income-generating assets or business.

Unrecognised temporary differences relating to investment in a subsidiary

Temporary differences of RMB 137,325,000 (2021: RMB 133,385,000) 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 6,866,000 (2021: RMB 6,669,000).

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

25. ISSUED CAPITAL

	Group and Company			
	2022		2021	
	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			
	2022		2021	
	Number of ordinary shares	RMB'000	Number of ordinary shares	RMB'000
Issued and paid-up shares at beginning of the year	338,000,000(i)	13,142	176,000,000(i)	7,083
Issued during the year	70,000,000(iii)	2,664	162,000,000(ii)	6,059
Issued and paid-up shares at end of the year	408,000,000	15,806	338,000,000	13,142

Notes:

(i) Inclusive of 11,500 treasury shares (Note 27).

(ii) On 17 December 2021, in satisfaction of the consideration for the acquisition of subsidiaries (Note 11(a)), the Company issued and allotted 162,000,000 ordinary shares of S$0.008 each to the Vendors with a market value at S$0.049 (deemed issue price) each with a resulting share premium of RMB 31,052,000 (Note 26). The newly issued shares rank pari passu in all respects with previously issued shares.

(iii) On 3 March 2022 and 7 June 2022, the Company completed the share placement to 3 corporate entities and 3 individuals by issuing a total of 35,000,000 new shares for S$0.042 each and 35,000,000 new shares for S$0.043 per share in cash with a resulting share premium of RMB 11,561,000 (Note 26). The newly issued shares rank pari passu in all respects with previously issued shares.

26. SHARE PREMIUM

	Group and Company	
	2022	2021
	RMB'000	RMB'000
At beginning of the year (i) (ii) (iii) (iv) (v)	259,797	228,745
Issued during the year (vi)	11,561	31,052
At end of the year	271,358	259,797

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

26. SHARE PREMIUM (Continued)

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.

(iv) Share premium of RMB 4,151,000 arose from the issue of 29,300,000 ordinary shares at an issue price of S$0.036 per share pursuant to a private share placement.

(v) Share premium of RMB 31,052,000 arose from the issue of 162,000,000 ordinary shares at a deemed issue price of S$0.049 per share as the consideration for acquisition of subsidiaries.

(vi) Share premium of RMB 11,561,000 arose from the issue of 35,000,000 ordinary shares at a deemed issue price of S$0.042 per share and 35,000,000 ordinary shares at a deemed issue price of S$0.043 per share pursuant to a private share placement, completed during the year.

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.

27. TREASURY SHARES

	Group and Company			
	2022		2021	
	Number of ordinary shares	RMB'000	Number of ordinary shares	RMB'000
At 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.

28. RESERVES

(a) The distributable reserve is in connection to the surplus arising from the Capital Reduction carried out in 2013.

(b) 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.

(c) In accordance with the Company Law applicable to the subsidiaries in the PRC, the subsidiaries, are required to make an appropriation to a statutory reserve ("SR"). At least 10% of the statutory after-tax profits, as determined in accordance with the applicable PRC accounting standards and regulations is required to be allocated to the SR.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

28. RESERVES (Continued)

The appropriation to statutory reserve, after offsetting against any accumulated losses, must be made before the distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends.

29. FAIR VALUE DEFICIT

Fair value deficit arises from net changes in fair value of financial assets at FVOCI (Note 12). The deficit, which is relating to the equity investment designated to be measured at FVOCI, will be transferred to retained earnings / accumulated losses upon disposal of the investment.

30. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) The Group derives revenue from the sales of self-cultivated agricultural produce and sales of consumer goods that sourced from third parties (2021: sales of completed properties) at a point in time.

	Group	
	2022	2021
	RMB'000	RMB'000
Sales of self-cultivated agricultural produce	15,585	-
Sales of goods	44,794	-
Sales of completed properties	-	8,207
	60,379	8,207

(b) Contract liabilities mainly relates to advance consideration received from customers for sale of consumer goods (2021: completed properties). Significant changes in the contract liabilities balance during the year are:

	Group	
	2022	2021
	RMB'000	RMB'000
At beginning of the year	-	57
Consideration received from end customers during the year	101	775
Transferred from remaining balance of refundable deposits upon sales of units by the agent	-	7,375
	101	8,150
Recognised as revenue	-	(8,207)
At end of the year (Note 22)	101	-
Revenue recognised in current year that was included in the contract liabilities balance at beginning of the year	-	57

The Group has recognised the revenue from the contract liabilities in 2023.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

31. OTHER INCOME

	Group	
	2022	2021
	RMB'000	RMB'000 (Restated)
Bargain purchase on acquisition of subsidiaries (Note 11(a))	-	39,484
Sales of minerals	25	-
Foreign exchange gain, net	129	-
Compensation from insurance	1,407	-
Gain from modification of lease liabilities	61	-
Government grant	60	-
Referral fees received from third party	118	-
Rental income	810	-
Fair value gain on financial assets, at FVPL – structured deposits (Note 13)	151	34
Write off of trade and other payables	283	-
Others	263	25
	3,307	39,543

32. OTHER EXPENSES

	Group	
	2022	2021
	RMB'000	RMB'000
Fair value loss on financial assets, at FVPL - quoted securities (Note 14)	-	1,640
Foreign exchange loss, net	-	33
Loss on disposal of property, plant and equipment	15	-
Depreciation of idle equipment	541	-
Others	89	84
	645	1,757

33(a). FINANCE INCOME

	Group	
	2022	2021
	RMB'000	RMB'000
Under effective interest rate method for financial assets at amortised cost		
- Interest income – bank balance	18	257

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

33(b). FINANCE EXPENSE

	Group	
	2022	2021
	RMB'000	RMB'000
Interest expense on lease liabilities (Note 23)	213	4
Interest expense on term loans (Note 23)	1,574	-
Others		
- Corporate guarantee expenses	332	-
- Interest expense on share-margin financing facility	-	71
	2,119	75

34. (LOSS) / PROFIT BEFORE TAX

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

	Group	
	2022	2021
	RMB'000	RMB'000
Staff costs (including Directors' remuneration and fees)		
- Short-term benefits	7,490	7,490
- Post-employment benefits: defined contribution	477	320
Depreciation of property, plant and equipment (Note 6)	4,939	210
Depreciation of bearer plants (Note 7)	1,541	-
Depreciation of right-of-use assets (Note 8)	1,739	-
Amortisation of intangible assets (Note 10)	118	-
Amortisation of land use rights (Note 9)	2	3
Entertainment expenses	159	259
Bearer plants written off	107	-
Legal and professional fees	1,197	2,061
Lease expenses not included in lease liabilities:		
- Short-term leases	1,028	1,258
Non-lease component under lease contract	107	139

The short-term lease expenses for the next financial year payable on the existing leases or leases renewed at date of this report totaled RMB 1,160,000 (2021: RMB 1,105,000).

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

35. TAX (CREDIT) / EXPENSE

	Group	
	2022	2021
	RMB'000	RMB'000
Deferred tax (Note 24)		
- Changes of temporary differences	-	1,045
Corporate income tax [(i), (ii)]		
- Over-provision in prior year	(507)	(394)
- Current year	-	(142)
Land appreciation tax [(iii)]		
- Current year	-	360
Current tax expense	(507)	(176)
Tax (credit) / expense	(507)	869

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% (2021: 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) The following subsidiaries enjoy full exemption of Corporate Income Tax in respect of income generated from cultivation of agricultural products.
- Henan Zhongnong Huasheng Agriculture Science and Technology Co. Ltd.
- Zhengzhou Rundong Fruit Forest Co., Ltd.
- Gongyi Zhongnong Huasheng Agriculture Science and Technology Co., Ltd.

(iii) 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.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

35. TAX (CREDIT) / EXPENSE (Continued)

The tax expense for the year can be reconciled to the (loss) / profit before tax as follows:

	Group	
	2022 RMB'000	2021 RMB'000 (Restated)
Accounting (loss) / profit before tax	(8,086)	28,110
Taxation at the PRC corporate income tax rate of 25% (2021: 25%)	(2,022)	7,028
Effect of different tax rates in tax-free jurisdiction	984	1,158
Effect of expenses not deductible for tax purpose	290	244
Effect of income not taxable for tax purpose	(775)	(10,727)
Deferred tax assets not recognised on tax losses	1,523	3,560
Over provision in prior year	(507)	(394)
Tax (credit) / expense for the year	(507)	869

36. (LOSS) / EARNINGS PER SHARE

	2022	2021 (Restated)
(Loss) / Profit attributable to equity holders of the Company (RMB'000)	(8,455)	27,241
Weighted average number of ordinary shares outstanding (excluding 11,500 treasury shares) for basic (loss) / earnings per shares ('000)	386,317	182,202
Basic and diluted (i) (loss) / earnings per share		
- RMB cents	(2.19)	14.95
- SGD cents (ii)	(0.45)	3.11

Notes:

(i) The Company has no dilutive potential ordinary shares for the financial year ended 31 December 2022 and 2021 and there was no ordinary share that may issue as there are no share option outstanding as at 31 December 2022 and 2021.

(ii) Calculated based on average exchange rate of S$1: RMB 4.89 (2021: RMB 4.80).

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

37. CONTINGENT LIABILITIES AND COMMITMENTS

(i) Financial guarantee contracts issued

In accordance with industry practice, the Group provided guarantees to certain domestic PRC banks for mortgage loans taken by certain buyers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these buyers, the banks are entitled to deduct the amounts of due and outstanding mortgage payments (with accrued interests and penalties) from the bank balances of the Group pledged for this purpose (Note 20). The Group's guarantee periods commence from the dates of grants of the relevant mortgage loans and end at the earlier of (a) the execution of pledge of the individual property ownership certificate of the property purchased to the banks; and (b) full payments by the buyers. For one of the banks, the guarantee period ends 2 years after the execution of pledge of title. In the event that the Group repaid the defaulted mortgage loan of the buyers in full, the banks will transfer the pledge of title to the Group.

As at 31 December 2022, the notional amount of the mortgage loans guaranteed amounted to approximately RMB 4,751,000 (2021: RMB 6,270,000); and the Group's bank deposits amounting to RMB 119,000 (2021: RMB 225,000) has been pledged for this purpose (Note 20).

The Group does not charge any fees or premium to those buyers for the guarantees and determined that the fair value at inception cannot be reliably determined. Hence the financial guarantee contracts are measured at the amount of ECL determined based on IFRS 9. Based on the management's assessment, there is no material ECL on these financial guarantees, taking into account:

(a) The mortgage loans were made within the guidelines agreed between the Group and the banks, which does not exceed 50-70% of the total purchase price;

(b) For defaults during the periods prior to issuing of individual property ownership certificate, or situations whereby the Group repaid the bank in full, the Group is entitled to sell the properties as a recourse and the Group expects that the then market price of the underlying properties would be adequate to recover the loss;

(c) Low default rate in the past and the ability of the Group to obtain reimbursement from the defaulted house buyers for the Group's bank balances deducted by the banks.

There is no default reported during financial years 2022 and 2021 and management does not expect material ECL on these financial guarantees in the next twelve months after the reporting date, taking into account of above (a) and (b).

(ii) Capital commitment

As at 31 December 2022, capital expenditure contracted for but not recognised in the financial statements, is as follows:

	Group	
	2022	2021
	RMB'000	RMB'000
Property, plant and equipment		
- Processing factory in progress	6,027	6,027

(Amounts in thousands of Chinese Renminbi (“RMB’000”))

38. 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 Group’s Chairman for the purpose of resource allocation and assessment of performance is focused on segments with principal activities are as follows:

(i) Agriculture
Plantation and cultivation of pomegranate, as well as trading, distributing, importing and exporting agriculture products and agriculture-related products.

(ii) Mining
Investment in mining business for capital gain or future dividend income.

(iii) Commercial and residential property development
Development of commercial and residential properties for sale.

Other business activities include investment holding companies, unallocated corporate functions and inactive companies. Treasury investment activities, mainly investment in structured deposits (Note 13) and quoted securities (Note 14) are also included in “Others”.

As disclosed in Note 11(a), the agriculture segment which was acquired on 17 December 2021, generated insignificant results in financial year 2021.

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

(i) Business Segments

The information for the reportable segments for the financial year ended 31 December 2022 and 2021 is as follows:

Group	Agriculture	Mining	Commercial and residential property development	Total
	RMB’000	RMB’000	RMB’000	RMB’000
2022				
Segment revenue from external customers	60,379	-	-	60,379
Segment profit / (loss), representing profit / (loss) before tax	2,377	-	(96)	2,281

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

38. SEGMENT INFORMATION (Continued)

(i) Business Segments (Continued)

	Agriculture	Mining	Commercial and residential property development	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2022				
Amounts included in the measure of segment loss / (profit):				
Depreciation of property, plant and equipment	4,694	-	11	4,705
Depreciation of bearer plants	1,541	-	-	1,541
Depreciation of right-of-use assets	1,739	-	-	1,739
Amortisation of intangible assets	118	-	-	118
Impairment loss of trade receivables	994	-	-	994
Reversal of impairment of amounts due from trade receivables	(57)	-	-	(57)
Interest income	-	-	(1)	(1)
Interest expense	3,284	-	-	3,284
Bearer plants written off	107	-	-	107
Fair value gain on financial assets, at FVOCI - changes in fair value	-	(1,167)	-	(1,167)
Write off of trade and other payables	-	-	(283)	(283)
Assets				
Segment assets	234,246	56,767	487	291,500
Amounts included in the measure of segment assets:				
Capital expenditure on bearer plants	5,765	-	-	5,765
Additions to property, plant and equipment	89	-	-	89
Financial assets, at FVOCI - unquoted equity	-	56,767	-	56,767
Liabilities				
Segment liabilities	(99,883)	-	(8,871)	(108,754)

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

38. SEGMENT INFORMATION (Continued)

(i) Business Segments (Continued)

Group	Agriculture	Mining	Commercial and residential property development	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2021				
Segment revenue from external customers	-	-	8,207	8,207
Segment income, representing income before tax	-	-	3,215	3,215
Tax expense				(869)
Profit for the year				2,346
Amounts included in the measure of segment loss / (profit):				
Depreciation of property, plant and equipment	-	-	12	12
Impairment loss of other receivables	-	-	570	570
Reversal of impairment of amounts due from other receivables	-	-	(5,000)	(5,000)
Interest income	-	-	(2)	(2)
Fair value loss on financial assets, at FVOCI - changes in fair value	-	5,309	-	5,309
Assets				
Segment assets	231,217	55,600	871	287,688
Amounts included in the measure of segment assets:				
Financial assets, at FVPL - structured deposits	6,070	-	-	6,070
Financial assets, at FVOCI - unquoted equity	-	55,600	-	55,600
Liabilities				
Segment liabilities	(101,308)	-	(9,582)	(110,890)

(Amounts in thousands of Chinese Renminbi (“RMB’000”))

38. SEGMENT INFORMATION (Continued)

(ii) Reconciliation

(a) Segment profits

The following items are added to / (deducted from) segment profit to arrive at “profit / (loss) before income tax” as presented in the consolidated statement of profit or loss and other comprehensive income:

	2022 RMB’000	2021 RMB’000 (Restated)
Segmental profit from the reportable segments	2,281	3,215
Others – Corporate headoffice		
- General and administrative expenses	(10,920)	(13,076)
- Impairment loss on financial assets	(14)	-
- Written-back of impairment of financial assets	-	4
- Other income	556	39,544
- Other expenses	-	(1,757)
- Finance income	11	255
- Finance expenses	-	(75)
	(8,086)	28,110

(b) Other segment information

	2022 RMB’000	2021 RMB’000
<u>Additions to property, plant and equipment</u>		
Segment total	89	-
Unallocated:		
- Relates to general and corporate assets	390	6
	479	6

	2022 RMB’000	2021 RMB’000
<u>Financial assets, at FVPL – structured deposits</u>		
Segment total	-	6,070
Unallocated:		
- Relates to general and corporate assets	-	9,700
	-	15,770

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

38. SEGMENT INFORMATION (Continued)

(ii) Reconciliation (Continued)

(b) Other segment information (Continued)

	2022 RMB'000	2021 RMB'000
Depreciation of property, plant and equipment		
Segment total	4,705	12
Unallocated:		
- Relates to general and corporate assets	234	198
	4,939	210

	2022 RMB'000	2021 RMB'000
Interest income		
Segment total	(1)	(2)
Unallocated:		
- Relates to general and corporate assets	(17)	(255)
	(18)	(257)

	2022 RMB'000	2021 RMB'000
Reversal of impairment of financial assets		
Segment total	(57)	(5,000)
Unallocated:		
- Relates to general and corporate assets	-	(4)
	(57)	(5,004)

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

38. SEGMENT INFORMATION (Continued)

(ii) Reconciliation (Continued)

(c) Segment assets

Segment assets are reconciled to total assets as follows:

	2022 RMB'000	2021 RMB'000
Segment assets for reportable segments	291,500	287,688
Unallocated assets:		
- Property, plant and equipment	654	516
- Other receivables, deposits and prepayments	543	500
- Amount due from related parties (non-trade)	11,622	11,622
- Financial assets, at FVPL – structured deposits	-	9,700
- Pledged bank deposits	3	3
- Cash and cash equivalents	12,697	1,884
	317,019	311,913

(d) Segment liabilities

Segment liabilities are reconciled to total liabilities as follows:

	2022 RMB'000	2021 RMB'000
Segment liabilities for reportable segments	108,754	110,890
Unallocated liabilities:		
- Trade payables	-	208
- Accruals and other payables	4,744	5,107
- Amount due to related parties (non-trade)	10,919	10,919
- Income tax payable	(68)	(68)
	124,349	127,056

39. COMPARATIVES

As disclosed in Note 11(a), the Group has subsequently concluded the PPA exercise and adjusted the net assets acquired and liabilities amount recognised at the Acquisition Date on a retrospective basis to reflect new information obtained based on facts and circumstances that existed as of the Acquisition Date. As a result, certain line items have been amended on the face of the statement of financial position, statement of profit or loss and other comprehensive income and the related notes to the financial statements. Comparative figures have been adjusted to conform with the current year's presentation.

(Amounts in thousands of Chinese Renminbi ("RMB'000"))

39. COMPARATIVES (Continued)

	Group		
	31 December 2021 balances as previously reported RMB'000	Adjustments RMB'000	31 December 2021 balances as restated RMB'000
Statement of financial position			
Bearer plants (Note 7)	142,492	(27,018)	115,474
Intangible assets (Note 10)	-	765	765
Non-controlling interest	(53,922)	9,684	(44,238)
Statement of profit or loss and other comprehensive income			
Other income	56,112	(16,569)	39,543

Use of Proceeds from Issue of 70,000,000 Ordinary shares in the Capital of the Company

On 3 March 2022, in connection with the announcements made by the Company on 8 January 2022 and 23 February 2022, the Company issued and allotted a total of 35,000,000 new Shares at S$0.042 each to Whitewood Property Corp, Ms. Hu Xiaoning (胡晓宁) and Mr. Zhou Tao (周涛) pursuant to the general share issue mandate to issue new Shares granted by the shareholders of the Company (the "**Shareholders**") at the Company's annual general meeting held on 16 April 2021 (the "**Tranche A Placement**").

On 7 June 2022, in connection with the announcements made by the Company on 8 January 2022 and 23 February 2022, the Company issued and allotted a total of 35,000,000 new Shares at S$0.043 each to iFactors SPC – Asymmetric Opportunities SP ("**iFactors SP**"), Mr. Zhai Kebin (翟克彬)("**ZKB**") (the Chief Executive Officer of the Company), and Sino-Africa pursuant to a specific share issue mandate for the Company to issue new Shares granted by the Shareholders at the Company's extraordinary general meeting held on 31 May 2021 (the "**Tranche B Placement**").

The gross proceeds raised from the Tranche A Placement and Tranche B Placement are S$1,470,000 and S$1,505,000 respectively. The net proceeds raised from the Tranche A Placement and the Tranche B Placement (after deducting estimated issuing expenses of S$40,000 and S$60,000 respectively) are approximately S$1,430,000 (the "**Tranche A Net Placement Proceeds**") and S$1,445,000 (the "**Tranche B Net Placement Proceeds**") respectively and had been partly utilised as follows as at the date of this announcement:

Use of Tranche A Net Placement Proceeds	**Percentage allocated**	**Allocated amount**	**Utilized amount**	**Unutilized amount**
	%	**S$**	**S$**	**S$**
A. For the investment and working capital needs of the Group arising from new business opportunities and new products in connection with the growth, development and expansion of the existing businesses of the Group[(1)]:				
● *Disbursements relating to the Group's investments (including but not limited to HYNFSC[(2)])*	42.10	602,000	–	602,000
● *Expenses relating to R&D and production of new products*	5.24	74,858	–	74,858
● *Expenses relating to marketing of new products, including but not limited to promotional expenses to be incurred as and when new products are rolled out*	5.23	74,857	74,857	–
Sub-Total	52.57	751,715	74,857	676,858
B. For the working capital needs of the Group in connection with the existing products of the Group (including expenses relating to professional services and administration):				
● *Expenses relating to production*	14.88	212,727	212,727	–
● *Operating expenses (including administrative expenses and professional fees)*	28.83	412,337	412,337	–
● *Staff costs (including salaries and employers' welfare contributions)*	3.72	53,221	53,221	–
Sub-Total	47.43	678,285	678,285	–
Grand Total	**100.00**	**1,430,000**	**753,142**	**676,858**

Use of Tranche B Net Placement Proceeds	Percentage allocated %	Allocated amount S$	Utilized amount S$	Unutilized amount S$
A. For the investment and working capital needs of the Group arising from new business opportunities and new products in connection with the growth, development and expansion of the existing businesses of the Group[1]:				
● *Expenses relating to R&D and production of new products*	5.23	75,642	–	75,642
● *Expenses relating to marketing of new products, including but not limited to promotional expenses to be incurred as and when new products are rolled out*	5.24	75,643	75,643	–
Sub-total	10.47	151,285	75,643	75,642
B. For the working capital needs of the Group in connection with the existing products of the Group (including expenses relating to professional services and administration):				
● *Expenses relating to production*	56.97	823,273	823,273	–
● *Operating expenses (including administrative expenses and professional fees)*	28.84	416,663	416,663	–
● *Staff costs (including salaries and employers' welfare contributions)*	3.72	53,779	53,779	–
Sub-total	89.53	1,293,715	1,293,715	–
Grand total	**100.00**	**1,445,000**	**1,369,358**	**75,642**

Notes:

(1) The existing businesses of the Group comprise: (i) the business of property management; (ii) the business of general financial investment; (iii) the business of holding investment interests in the Thabazimbi Mine; and (iv) the agriculture business.

(2) On 21 March 2022, the Company announced that through its indirect subsidiary, Henan Central Agriculture and Commerce Co., Ltd. (河南中之农商贸有限公司) ("**HCAC**"), it had entered into a joint venture with an independent third-party, Henan Jiayouhui Internet Technology Co., Ltd. (河南嘉友汇网络科技有限公司) ("**HJYH**"), to jointly incorporate Henan Younong Future Supply Chain Management Co., Ltd. (河南优农未来供应链管理有限公司) ("**HYNFSC**") in the PRC. HYNFSC has an initial registered capital of RMB10 million and is held 70% and 30% by HCAC and HJYH respectively. HCAC has contributed RMB3.0 million, which was funded through the internal resources of the Group. The balance of RMB4.0 million will be funded through a combination of net proceeds raised from the Tranche A Placement (whereby up to S$602,000 (approximately RMB2.8 million) has been allocated for this purpose), while the remainder of not less than RMB1.2 million will be funded through the internal resources of the Group. Please refer to the announcements of the Company dated 21 March 2022 and 6 April 2022 for further details.

STATISTICS OF SHAREHOLDINGS

As at 17 April 2023

Issued and Fully Paid-up Capital	:	S$ 3,069,126 (equivalent to about RMB 15,806,000)
Share Premium	:	S$ 52,690,874 (equivalent to about RMB 271,358,000)
Total number of shares including treasury shares	:	408,000,000
Number of treasury shares	:	11,500
Total number of shares excluding treasury shares	:	407,988,500
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS AS AT 17 APRIL 2023

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	45	3.26	2,157	0.00
100-1,000	343	24.89	159,037	0.04
1,001-10,000	738	53.56	2,550,524	0.62
10,001-1,000,000	241	17.49	10,724,171	2.63
1,000,001 and above	11	0.80	394,564,111	96.71
Total	1,378	100.00	408,000,000	100.00

LIST OF 20 LARGEST SHAREHOLDERS AS AT 17 APRIL 2023

No.	Name	No. of Shares	% of Shares
1	MAYBANK SECURITIES PTE. LTD.	204,564,975	50.14
2	UOB KAY HIAN PTE LTD	78,980,375	19.36
3	ABN AMRO CLEARING BANK N.V.	41,501,450	10.17
4	GLOSSMEI LIMITED	18,250,000	4.47
5	GUO YINGHUI	17,985,000	4.41
6	KGI SECURITIES (SINGAPORE) PTE. LTD	14,560,000	3.57
7	DB NOMINEES (SINGAPORE) PTE LTD	8,042,500	1.97
8	PHILLIP SECURITIES PTE LTD	5,249,399	1.29
9	DBS VICKERS SECURITIES (S) PTE LTD	2,312,712	0.57
10	WANG HAIYAN	1,763,250	0.43
11	CITIBANK NOMS SPORE PTE LTD	1,354,450	0.33
12	RAFFLES NOMINEES(PTE) LIMITED	732,812	0.18
13	LI SHI	525,012	0.13
14	DBS NOMINEES PTE LTD	504,400	0.12
15	TEE WEE SIEN (ZHENG WEIXIAN)	492,875	0.12
16	YAP THIAM JOO	294,200	0.07
17	TIGER BROKERS (SINGAPORE) PTE. LTD.	278,300	0.07
18	CHAN HOCK LYE	275,375	0.07
19	LIM CHOON CHWEE, PETER	267,100	0.07
20	TENG BENG CHYE	255,875	0.06
	Total	398,190,060	97.60

As at 17 April 2023

SUBSTANTIAL SHAREHOLDERS AS AT 17 APRIL 2023

Name of Substantial Shareholders	Direct Interest	% [1]	Deemed Interest	% [1]
Guo Yinghui[2]	17,985,000	4.41%	211,740,000	51.90%
Feng Li[3]	14,560,000	3.57%	215,165,000	52.74%
China Focus International Limited ("China Focus") [4]	179,680,000	44.04%	–	–
Profit Run Developments Limited ("Profit Run") [5]	–	–	25,677,000	6.29%

(1) Based on the issued share capital of 407,988,500 shares (excluding 11,500 treasury shares).

(2) The controlling Shareholder of the Company, Mr. Guo Yinghui is the spouse of Mdm. Feng Li and is deemed to be interested in: (a) the 14,560,000 Shares registered in the name of KGI Fraser Securities Pte Ltd held for Mdm. Feng Li; (b) the 179,680,000 Shares registered in the name of Maybank Kim Eng Securities Pte Ltd held for China Focus (held for itself and as nominee of Profit Run); and (c) the 17,500,000 Placement Shares held by iFactors SP, each representing 3.57%, 44.04% and 4.29% respectively of the issued share capital (excluding Treasury Shares) of the Company. iFactors SP is a segregated portfolio within iFactors, a segregated portfolio company incorporated in the Cayman Islands. iFactors is wholly-owned by CLC Group, which is in turn wholly-owned by Mr. Guo Yinghui.

(3) Mdm. Feng Li is the spouse of Mr. Guo Yinghui and is deemed to be interested in: (a) the 17,985,000 Shares held by Mr. Guo Yinghui; (b) the 179,680,000 Shares registered in the name of Maybank Kim Eng Securities Pte Ltd held for China Focus (for itself and as nominee of Profit Run); and (c) the 17,500,000 Placement Shares held by iFactors SP, each representing 4.41%, 44.04%, and 4.29% respectively of the issued share capital (excluding Treasury Shares) of the Company.

(4) The 179,680,000 Shares of China Focus are registered in the name of Maybank Kim Eng Securities Pte Ltd, out of which, 25,677,000 Shares are held for China Focus as nominee of Profit Run. China Focus is an investment company incorporated in the British Virgin Islands on 25 November 2004, with Mr. Guo Yinghui and Mr. Guo Liang as its directors. As Mr. Guo Yinghui wholly owns China Focus and Profit Run is wholly-owned by a British national in trust for the benefit of Mr. Guo Yinghui, he and Mdm. Feng Li are therefore deemed to be interested in the 179,680,000 Shares registered in the name of Maybank Kim Eng Securities Pte Ltd held for China Focus (for itself and as nominee of Profit Run), representing 44.04% of the issued share capital (excluding Treasury Shares) of the Company.

(5) 25,677,000 shares are held by China Focus as nominee of Profit Run.

PUBLIC FLOAT

Based on information available to the Company as at 17 April 2023, approximately 41.41% 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 IS HEREBY GIVEN that the eighteenth Annual General Meeting ("**AGM**") of China Mining International Limited will be convened by electronic means on Tuesday, 23 May 2023 at 10.00 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 2022 together with the Directors' Statement and Report of the Auditors thereon. **(Resolution 1)**

2. To approve payment of Directors' Fee of S$200,000 (2022: S$200,000) for the year ending 31 December 2023 and the payment thereof on a quarterly basis in arrears. **(Resolution 2)**

3. 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 3)**

As Special Business

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

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

"That pursuant to 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 to:

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

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors in their absolute discretion deem fit;

(b) issue Shares in pursuance of any Instruments made or granted by the Directors while the authority was in force (notwithstanding the authority conferred by this Resolution may have ceased to be 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 (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:

(aa) new Shares arising from the conversion or exercise of convertible securities,

(ab) new Shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(ac) any subsequent bonus issue, consolidation or subdivision of the Shares,

and adjustments in accordance with (aa) or (bb) are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution;

(ii) In this Resolution, subsidiary holdings shall have the meaning ascribed to it in the Listing Manual of the SGX-ST; and

(iii) 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 4)**
(See Explanatory Note 1)

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

"That:

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

(i) on-market purchases, transacted on the SGX-ST through the ready market, and which may be transacted through one (1) or more duly licensed stockbrokers appointed by the Company for the purpose ("**Market Purchases**"); and/or

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

(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 ("**Next AGM**") or the date by which such Next AGM is required by law or the Articles of Association of the Company to be held;

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

(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 on which a Market Share Purchase was made, or as the case may be, the day of the making of the offer pursuant to an Off-Market Purchase on an equal access scheme, and deemed to be adjusted for any corporate action that occurs during the relevant 5 Market-Day period and on the day on which a Market Purchase was made, or as the case may be, the day of the making of the offer pursuant to an Off-Market Purchase on an equal access scheme; and

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

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the SGX-ST 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; and

(ii) in the case on 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, 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 5)**
(See Explanatory Note 2)

Any Other Business

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

By Order of the Board

Ms Foo Soon Soo and Mr Ho Kok Weng
Joint Company Secretaries

8 May 2023

Explanatory Notes:

1. Resolution 4, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of which up to twenty per centum (20%) may be issued other than on a pro-rata basis to existing shareholders of the Company

2. Resolution 5, if passed, will renew the Share Buyback Mandate and will authorize 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 2022 and certain assumptions are set out in greater detail in the Appendix enclosed together with the Annual Report 2022.

Notes on AGM:

General

1. The AGM will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

2. **A printed copy of this Notice, the proxy form, Annual Report and documents related to the AGM will NOT be despatched to shareholders but will be published on SGXNET and the Company's website at http://www.chinamining-international.com/ and can be downloaded from SGXNET.**

3. Alternative arrangements are instead put in place to allow members and Depositors (as defined hereinafter) to participate in the AGM by:

   (a) watching or listening to the AGM proceedings via a live webcast. Members and Depositors who wish to participate will have to pre-register in the manner outlined below.

   (b) voting (i) live and online (in real time) by the members or by their duly appointed proxy(ies) (other than the Chairman of the AGM); or (ii) by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM.

   (c) ask questions live and online (in real time) at the AGM.

   Depositors are persons holding shares in the capital of the Company through CDP and whose shares are entered in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore)

Live AGM Webcast

4. Members and Depositors may participate in the AGM proceedings through the Live AGM Webcast. To do so, they will need to register at https://registration.ryt-poll.com/home/index/chinamining-agm (the "**Registration Link**") by10.00 a.m. on 20 May 2023 (the "**Registration Deadline**") to enable the Company to verify their status.

5. Following verification, authenticated members or Depositors will receive an email by 10.00 a.m. on 22 May 2023 containing a link to access the live audio-visual webcast of the AGM proceedings as well as a toll-free telephone number to access the live audio-only stream of the AGM proceedings.

6. Members or Depositors must not forward the above mentioned link or telephone number to other persons who are not members or Depositor of the Company and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast.

7. Members or Depositors who register by the Registration Deadline but do not receive an email response by 10.00 a.m. on 22 May 2023 may contact the Company by email to chinamining-agm@ryt-poll.com.

Submission of proxy form to vote

8. Members and Depositors who wish to vote on any or all of the resolutions at the AGM may vote live via electronic means at the AGM or by appointing proxy(ies) or the Chairman of the AGM as proxy to vote on his/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, Members and Depositors must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

9. A member is entitled to appoint not more than two proxies to attend, submit text-based question(s) and vote live at the AGM to be held electronically. Where such member's proxy form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholdings and the second named proxy shall be deemed to be an alternate to the first named proxy.

10. Under the Company's constitution, unless The Central Depository (Pte) Limited ("**CDP**") specifies otherwise in a written notice to the Company, CDP is deemed to have appointed as CDP's proxies to vote on behalf of CDP at the AGM each of the Depositors whose names are shown in the records of CDP as at a time not earlier than seventy-two (72) hours prior to the time of the Annual General Meeting supplied by CDP to the Company, and such appointment of proxies shall not require an instrument of proxy or the lodgement of any instrument of proxy.

11. A Depositor(s) may nominate not more than two appointees who shall be natural persons to attend and vote in his or its place as proxy for CDP by completing the Depositor Proxy Form.

12. A proxy or appointer needs not be a member of the Company.

13. The Depositor Proxy Form may be accessed at the Company's website at http://www.chinamining-international.com/ or the SGX website at URL https://www.sgx.com/securities/company-announcements. The Depositor Proxy Form (a copy of which is also attached hereto), must be submitted to the Company in the following manner:

    (a) by mail to the Company's Polling Agent, Complete Corporate Services Pte Ltd at 10 Anson Road, #29-07 International Plaza, Singapore 079903 or

    (b) email to chinamining-agm@ryt-poll.com,

    by no later than 10.00 a.m. on 21 May 2023, being 48 hours before the time fixed for the AGM.

14. A Depositor who wishes to submit the Depositor Proxy Form must first download, complete and sign it before submitting by post to the address provided above, or before scanning and sending it by email to the email address provided above.

15. CPF or SRS investors who wish to vote should approach their respective CPF Agent Bank or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on 11 May 2023) in order to allow sufficient time for their respective CPF Agent Bank or SRS Operators to in turn submit the Depositor Proxy Form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

16. Appointee(s) of Depositors will be prompted via email after the receipt of a validly complete and executed Depositor Proxy Form to pre-register via the URL https://registration.ryt-poll.com/home/index/chinamining-agm to access the live AGM Webcast.

Submission of questions "live" at the AGM

17. The Company will address the questions raised live at the AGM, as reasonably practicable. Shareholders may also submit questions in advance of the AGM to chinamining-agm@ryt-poll.com which will be addressed at the AGM. Where substantially similar questions are received, these will be consolidated and not all questions may be individually addressed.

Personal data privacy

By submitting the an instrument of proxy (being a member proxy form or Depositor Proxy Form) appointing a proxy(ies) (including appointee as aforesaid) to attend, speak and vote at the 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 or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) 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.

中矿国际有限公司
CHINA MINING INTERNATIONAL LIMITED