2015 ANNUAL REPORT

CHINA MINING INTERNATIONAL LIMITED

中矿国际有限公司
CHINA MINING INTERNATIONAL LIMITED

2015

ANNUAL REPORT

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CHAIRMAN'S MESSAGE

On behalf of the Board of Directors, I am pleased to present to you the annual report of China Mining International Limited (the "Company") for the financial year ended 31 December 2015 ("FY2015").

FINANCIAL REVIEW

The overall turnover of the Company and its subsidiaries (the "Group"), generated mainly from the sales of developed properties, decreased by RMB16.9 million from RMB34.1 million for the financial year ended 31 December 2014 ("FY2014") to RMB17.1 million for FY2015. The decrease was principally attributed to the Xinxiang Sunny Town Project (新乡阳光新城项目), which saw fewer completed units being delivered to the buyers in FY2015 relative to FY2014.

Though the Group registered a lower gross profit of RMB3.9 million in FY2015 compared to that of RMB5.4 million in FY2014, it grossed a higher gross profit margin of about 23% in FY2015 compared to that of about 16% in FY2014.

The increased gross profit margin was attributed primarily to the increase in average selling price for the property units sold in FY2015 compared to the units sold in FY2014, in part due to the fact that the units sold in FY2015 comprised more villa-type of residential units which generally command higher gross profit margins relative to those apartment units sold in FY2014.

Attributed largely to impairment losses on completed properties for sale and investment in joint ventures, our Group registered a net loss of RMB43.0 million for FY2015 compared to a net loss of RMB112.7 million for FY2014.

The impairment loss on completed properties for sale of RMB6.4 million in FY2015 (FY2014: RMB2.6 million) was attributed principally to impairment on the net book values of the basement storage rooms and completed properties in respect of the Xinxiang Sunny Town Project (新乡阳光新城项目) chiefly as a result of sluggish sales of these units. The impairment loss on investment in joint venture of RMB16.0 million in FY2015 (the "JV Impairment") (FY2014: RMB66.9 million) was in relation to the Company's 50% equity interest in Tian Cheng Holdings Limited (天晟控股有限公司) ("Tian Cheng"), which, through its wholly-owned subsidiaries, namely Zhengzhou Bidi Trading Co., Ltd (郑州必砥商贸有限公司) ("Zhengzhou Bidi") and Zhengzhou Mai Yong Trading Co., Ltd (郑州迈永商贸有限公司) ("Zhengzhou Mai Yong"), wholly-owned the exploration rights to an iron ore mine located in the Xinjiang Province of China and 99.9%-owned the exploration rights to another iron ore mine located in the Henan Province of China (collectively, the "Mining Joint Ventures") (the "Iron Mines"). The JV Impairment, derived based on the valuation report issued by an independent Hong Kong-based valuation company, Roma Appraisals Limited, was due principally to the significant decline in the price of iron ore, where the trailing 2-year average price was about RMB652 per ton as at 31 December 2015 compared to that of about RMB863 per ton as at 31 December 2014. The decrease in iron ore price was largely a result of the continuing decrease in market demand for iron ore amidst the slow-down of the Chinese economy in FY2015.

OPERATION REVIEW

The property markets in China, particular of the non-first tier cities, are showing some signs of improvement as the Chinese government gradually loosens some of the austerity measures and credit tightening initiatives it introduced a few years ago to curb property speculation. To take advantage of the window of opportunities, an investment of RMB65.0 million was made in November 2015 in an integrated property project, Yi Feng Holiday Plaza Project (懿丰假日广场项目) (the "Yi Feng Project"), located at Henan Province Zhu Ma Dian City Sui Ping County (河南省驻马店逐平县), for a share of profit of 10% thereof. Consequence to this investment, a fair value gain of RMB3.6 million derived based on the discounted cash flow stream of the Yi Feng Project was recognised in FY2015.

THE PROPOSED REVERSE TAKEOVER TRANSACTION

In relation to the proposed reverse takeover transaction as announced by the Company on 1 April 2014, 31 December 2014, 26 January 2015 and 30 June 2015, entailing the proposed acquisition by the Company of the entire issued and paid-up share capital of China Minerals Energy Limited (中国矿产能源有限公司) from Guide True Limited, China Geological Exploration Holdings Limited (中国地质勘查控股有限公司) ("CGE"), China Shoushan Wealth Management Group Co., Limited （中国首善财富管理集团有限公司) and Violet Enterprises (Canada) Inc (the "Proposed RTO"), the internal restructuring by China Minerals Energy Limited has resulted in the parties to the Proposed RTO requiring further time to work out possible revised terms, which may include, but not limited to, the portfolio of the exploration and mining projects that will form part of the group of companies to be acquired by the Company pursuant to the Proposed RTO. Appropriate announcement concerning the Proposed RTO will be made as and when there is any significant development.

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

SHARE CONSOLIDATION

On 21 September 2015, the Company carried out a share consolidation exercise, such that every eight existing ordinary shares of par value S$0.001 each in the share capital of the Company (the "Existing Shares") were consolidated into one ordinary share of par value S$0.008 in the share capital of the Company (the "Consolidated Shares") (the "Share Consolidation"), resulting in the number of shares of the Company being reduced from 1,173,600,000 Existing Shares (including 92,000 treasury shares) to 146,700,000 Consolidated Shares (including 11,500 treasury shares) with the issued and paid-up share capital of the Company remain at RMB5,897,000. The Share Consolidation was in response to the minimum trading price requirement of S$0.20 per share set by the Singapore Exchange Securities Trading Limited ("SGX-ST") for companies listed on the Mainboard of the SGX-ST.

ACKNOWLEDGEMENTS

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

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

Guo Yinghui
CHAIRMAN

BOARD OF DIRECTORS

GUO YINGHUI
CHAIRMAN

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

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

Mr Guo obtained his Masters of Business Administration from Macau University of Science and Technology in 2003, a Certificate in Business Administration from Beijing University in 2002 and a Certificate in Economics Studies from Henan Science Committee in 1999. Mr Guo was appointed a Member of the Company's Nominating Committee on 22 September 2008. His last re-election was on 29 April 2013 and he is due for re-election at the Shareholders' Annual General Meeting to be held on 26 April 2016.

LI BIN
CHIEF EXECUTIVE OFFICER

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

He obtained his Master in Economics from Wuhan University. His last re-election was on 29 April 2013 and he is due for re-election at the Shareholders' Annual General Meeting to be held on 26 April 2016.

DONG LINGLING
EXECUTIVE DIRECTOR

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

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

WANG FUMIN
EXECUTIVE DIRECTOR

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

Mr Wang graduated with a Master in mining engineering from Xi'an University of Architecture and Technology. He is due for re-election at the Shareholders' Annual General Meeting to be held on 26 April 2016.

LIM HAN BOON
INDEPENDENT AND NON-EXECUTIVE DIRECTOR

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

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

BOARD OF DIRECTORS

NING JINCHENG

INDEPENDENT AND NON-EXECUTIVE DIRECTOR

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

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

He obtained a Doctorate of Philosophy in Law (Civil Law and Business Law) from the Macau University of Science and Technology in 2005. His last re-election was on 29 April 2013 and he is due for re-election at the Shareholders' Annual General Meeting to be held on 26 April 2016.

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 Treasure of World Future Foundation Ltd. A foundation sought to tackle issues threatening the future development of humanity.

Mr Chan is also the Independent Directors and Audit Committee Chairman of Vashion Group Ltd since 2009. He is also a member of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors. His last re-election was on 29 April 2013 and he is due for re-election at the Shareholders' Annual General Meeting to be held on 26 April 2016.

ZHAO HONGFEI

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

ZHANG ZHONGHUA

Mr Zhang Zhonghua ("Mr Zhang") joined the Group in 2005 as project manager and was appointed as the general manager of Zhoukou Xinshijia Real Estate Co., Ltd ("Zhoukou Company")) in 2008. Mr Zhang is responsible for project development of the Zhoukou Company. Prior to joining our Group, Mr Zhang was working with China Construction Qiju Engineering Co., Ltd for over 20 years. He graduated from Shanghai Tongji University .

GUO CHENGYI

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

He graduated from Shanghai Tongji University.

YEO TZE KHERN

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

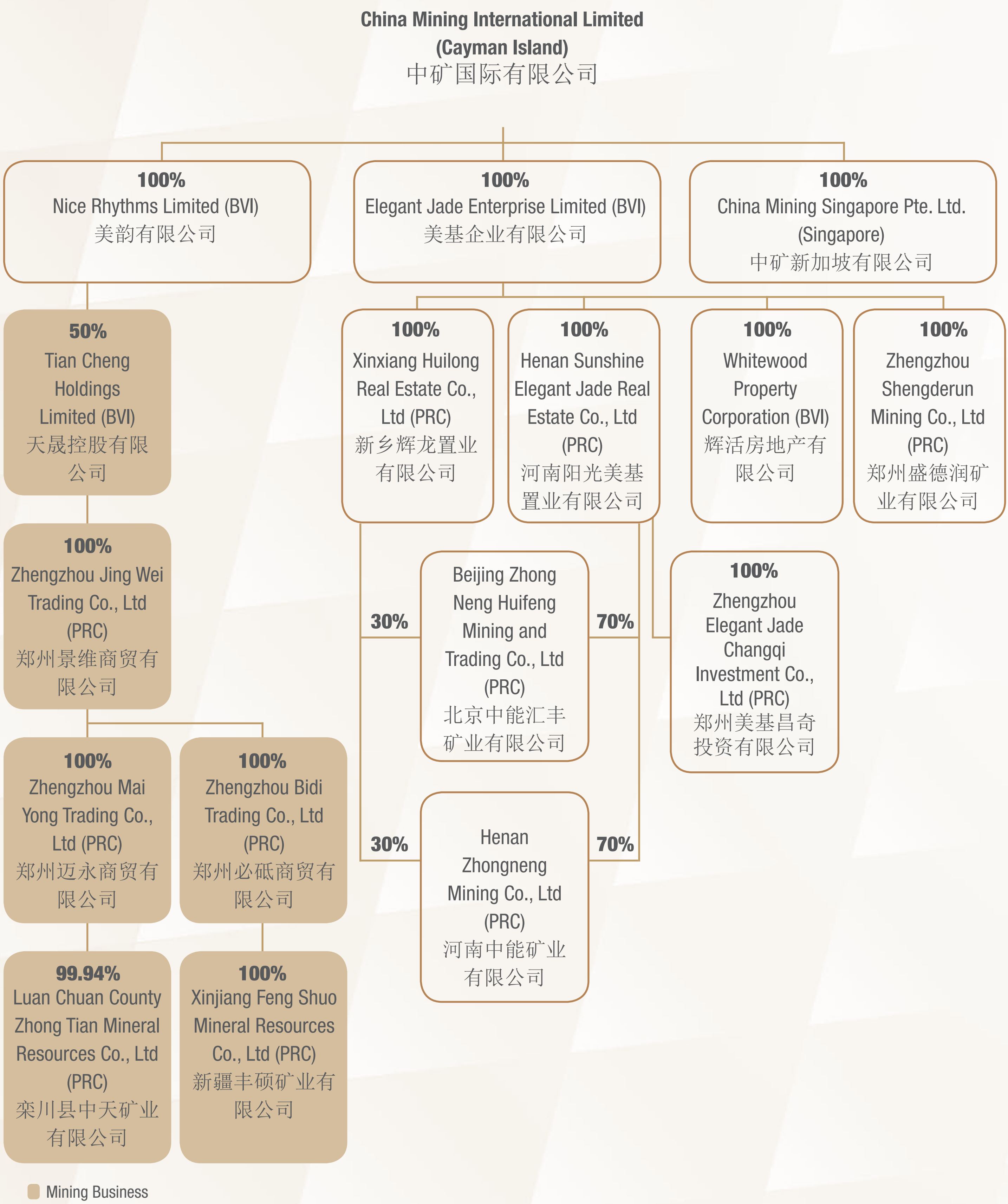
Mr Yeo graduated with a Master from Monash University (Australia), he is a Fellow Member of CPA Australia and Full Member of CA Singapore, CPA Hong Kong and Singapore Institute of Directors.

ZHANG XIAOYING

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

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

GROUP STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

JOINT COMPANY SECRETARIES

Ms Foo Soon Soo
Mr Yeo Tze Khern

REGISTERED OFFICE

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Email: chinamining@chnmining.cn

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

KEY EXECUTIVES

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

SHARE TRANSFER AGENT'S OFFICE

KCK CorpServe Pte Ltd
333 North Bridge Road
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Singapore 188721

CAYMAN ISLANDS SHARE REGISTRAR

Codan Trust Company (Cayman) Limited
Cricket Square
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P.O. Box 2681
Grand Cayman KY1-1111
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AUDITOR OF THE COMPANY

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

PRINCIPAL BANKERS

China Construction Bank Corporation,
Zhengzhou Branch

FINANCIAL CONTENTS

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

BOARD MATTERS

The Board's Conduct of its Affairs

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

The primary role of the Board is to protect and enhance long-term shareholders' value. It sets the corporate strategies of the Group, establishes directions and goals for the management. To fulfill this role, the Board is responsible for the overall corporate governance of the Group including setting its strategic direction, establishing goals for management and monitoring the achievement of these goals to enhance shareholders' value. The Board also considers sustainability issues of its policies and procedures.

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

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

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

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

Matters reserved for Board's Approval

Matters specifically reserved for the Board for approval are:

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

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

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

The present Board comprises seven members. Of the seven Board members, four are executive and three are independent directors.

	Board appointments		Board committees		
Name of director	Executive director	Independent and Non-Executive Director	Audit Committee	Nominating Committee	Remuneration Committee
Mr Guo Yinghui	*			Member	
Mr Li Bin	*				
Ms Dong Lingling	*				
Mr Wang Fumin[1]	*				
Mr Lim Han Boon		*	Chairman	Member	Member
Mr Ning Jincheng		*	Member	Chairman	Member
Mr Chan Siew Wei		*	Member		Chairman

[1]Mr Wang Fumin was appointed as an Executive Director with effect from 15 June 2015.

Directors' attendance at Board and Board committee meetings in FY2015

The table below sets out the number of Board and Board Committee meetings which were convened during FY2015:

	Board	Audit	Remuneration	Nominating
Number of meetings held	4	4	1	1
Name of directors	Number of meetings attended			
Mr Guo Yinghui	4	N/A	N/A	1
Mr Li Bin	4	N/A	N/A	N/A
Mr Lim Han Boon	3	3	0	0
Mr Ning Jincheng	4	4	1	1
Mr Chan Siew Wei	4	4	1	N/A
Ms Dong Lingling	4	N/A	N/A	N/A
Ms Zhang Xiaoying[1]	2	N/A	N/A	N/A
Mr Wang Fumin[2]	2	N/A	N/A	N/A

[1]Ms Zhang Xiaoying resigned as an Executive Director with effect from 15 June 2015.
[2]Mr Wang Fumin was appointed as Executive Director with effect from 15 June 2015.
NA – Not applicable as the Directors are non-members of the Board Committees.

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

Orientation, Briefings, updates and trainings for Directors

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

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

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

The directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act and industry-related matters, so as to update and refresh them on matters that may affect or enhance their performance as board. Briefings and updates provided for directors in FY2015 include:

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

Board Composition and Guidance

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

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

The Board is of the view that the current Board members comprise experienced persons who possess a balanced field of core competencies such as accounting, finance, and business management. Key information regarding the Directors is given in the 'Board of Directors' section of the annual report.

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

Independence of Directors

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

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

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

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

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

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

Chairman and Chief Executive Officer

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

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

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

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

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

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

BOARD MEMBERSHIP

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

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

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

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

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

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

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

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

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

Multiple board representations

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

Selection, Appointment and Re-appointment of Directors

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

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

BOARD PERFORMANCE

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

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

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

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

ACCESS TO INFORMATION

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

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

The Board has separate and independent access to the management of the Company and of the Group at all times in carrying out their duties. The Company Secretary attends all Board meetings and meetings of the Board committees to ensure that Board procedures are followed and that applicable rules and regulations are complied with. 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 their duties and responsibilities as Directors.

REMUNERATION MATTERS

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

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

Mr Chan Siew Wei	Chairman	Independent and Non-Executive Director
Mr Ning Jincheng	Member	Independent and Non-Executive Director
Mr Lim Han Boon	Member	Independent and Non-Executive Director

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

(a) To recommend to the Board a framework for remuneration for the Directors and key executives of the Company;
(b) To determine specific remuneration packages for each Executive Director;
(c) To review the appropriateness of compensation for Non-Executive Directors;
(d) To review the remuneration of employees occupying managerial positions who are related to Directors and substantial shareholders; and
(e) To administer the Employee Share Option Scheme.

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

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

LEVEL AND MIX OF REMUNERATION

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

In setting remuneration packages, the RC will take into consideration the remuneration and employment conditions within the similar industry and with comparable companies. The Company submits the proposed quantum of Directors' fee each year to the shareholders for approval at each AGM.

For FY2015, all the The Executive Directors have service agreements with the Company. The service agreement for each Executive Director is effective for a period of three years and covered the terms of employment, specifically salaries, bonuses and other benefits.

Remuneration of executive directors and key management personnel

A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Such performance-related remuneration is aligned with the interests of shareholders and promotes the long-term success of the company.

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

The RC or the Board has the discretion to reclaim any incentive components if an executive is directly involved in a material restatement of financial statements or of misconduct resulting in restatement of financial statements or of misconduct resulting in financial loss to the Company.

Remuneration of independent and non-executive directors

Independent and non-executive directors has no service contract and are compensated based on their level of contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and Board Committees. The directors' fees are recommended by the Board for approval at the AGM.

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

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

DISCLOSURE ON REMUNERATION

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

Remuneration of directors and the CEO

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

Remuneration of directors and CEO

The following table shows a breakdown of the annual remuneration paid or payable to of the Directors for the financial year ended 31 December 2015:

Remuneration band	Director's Fee	Salary	Bonus	Other benefits	Total
	%	%	%	%	%
S$250,000 to S$500,000					
Mr Guo Yinghui	–	99	–	1	100
Up to S$250,000					
Mr Li Bin (also CEO)	–	95	–	5	100
Ms Dong Lingling	–	97	–	3	100
Mr Wang Fumin	–	100	–	–	100
Mr Lim Han Boon	100	–	–	–	100
Mr Ning Jincheng	100	–	–	–	100
Mr Chan Siew Wei	100	–	–	–	100

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

The following table shows the remuneration of the top 5 key executives for the financial year ended 31 December 2015:

Remuneration Band and Name	Salary	Bonus	Other benefits	Total
	%	%	%	%
S$250,000 to S$500,000				
Mr Yeo Tze Khern	92	–	8	100
Up to S$250,000				
Ms Zhang Xiaoying	97	–	3	100
Ms Zhao Hongfei	88	7	5	100
Mr Zhang Zhonghua	100	–	–	100
Mr Guo Chenyi	92	5	3	100

The key management of the Company only comprise five personnel, who are not Directors or the CEO, as disclosed in page 8 of the 2015 Annual Report. Further to the disclosures under page 8 of the Company's 2015 Annual Report, the aggregate total remuneration paid to the top five key management personnel, who are not Directors or the CEO, amounted to RMB3.0 million for FY2015.

Remuneration of employees who are immediate family members of a director or the CEO

There were no employees during the financial period from 1 January 2015 to 31 December 2015 who were immediate family members of a Director and/or a Substantial Shareholder whose remuneration is in excess of S$50,000 during the financial year ended 31 December 2015.

Employee Share Option Scheme

The RC is responsible for the administration of the Company's Share Option Scheme. Details of the Company's Share Option Scheme are found in the Directors' Statement.

ACCOUNTABILITY AND AUDIT

Accountability

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

Undertaking by the Board and Executive Officer on compliance with SGX Mainboard Listing Rules

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

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely, reliable and full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST.

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

Assurance from CEO and CFO

For FY 2015, the CEO and the Chief Financial Officer ("CFO") have provided assurance to the Board that the financial records have been properly maintained and the financial statements gave a true and fair view of the Company's operations and finances, and regarding the effectiveness of the company's risk management and internal controls system.

Opinion on Adequacy of the Group's Internal Controls and Risk Management Systems

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 AC; and the aforesaid assurances from the CEO and CFO, the AC and the Board, with the concurrence of the AC, is are of the opinion that the Group's system of internal controls are adequate in addressing financial, operational, compliance and information technology risks controls and risk management systems of the Group as at 31 December 2015 were adequate and effective as at 31 December 2015.

AUDIT COMMITTEE

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

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

Mr Lim Han Boon	Chairman	Independent and Non-Executive Director
Mr Ning Jincheng	Member	Independent and Non-Executive Director
Mr Chan Siew Wei	Member	Independent and Non-Executive Director

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

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

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

(b) To review with the internal auditor its internal audit plans and internal audit findings;

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

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

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

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

(g) 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;

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

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

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

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

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

The AC reviews the independence of the external auditors annually. The AC has reviewed the total fees comprising audit fee of S$180,000 (2014: S$180,000) and non-audit fees of S$nil (2014: S$nil) performed by the external auditors, Crowe Horwath First Trust LLP and was satisfied that the nature and extent of such services did not prejudice the independence and objectivity of the external auditors. The AC recommended that Crowe Horwath First Trust LLP be nominated for re-appointment as external auditors of the Company at the forthcoming AGM at remuneration to be renegotiated.

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

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

Whistle-blowing

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

INTERNAL AUDIT

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

The Group currently has no separate internal audit function. The Group's accounts department reviews the internal controls, risk management and compliance systems of the Group and reports findings and makes recommendations to the management and the AC.

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

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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

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

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

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

Communications with shareholders

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

(a) SGXNET announcements and news release;
(b) Annual report prepared and issued to all shareholders;
(c) Press releases on major developments of the Group;
(d) Notices of and explanatory memoranda for AGM and Extraordinary General Meetings (EGM);
(e) Company's Investor Relations website at www.chinamining-international.com., where shareholders can access timely information on the Group.

The Company's AGMs are the principal forums for dialogue with shareholders. The Chairman of each Board Committee as well as external auditors are normally present at the AGMs to address shareholders' queries, if any.

Shareholders are encouraged to attend the AGMs and EGMs to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. Notice of the AGM and EGM will be advertised in newspapers and announced on SGXNET.

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

Conduct of shareholder meetings

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

Dividend

The Company had declared an interim Special Dividend during the financial year ended 31 December 2014. No dividend was paid or proposed during the financial year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period.

INTERESTED PERSONS TRANSACTIONS

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

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

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

Disclosure of interested person transactions is set out as follows:

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

DEALINGS IN SECURITIES

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

USE OF PROCEEDS

The Board refers to the announcements made by the Company on 30 September 2011, 31 October 2011, 8 November 2011 and 17 November 2011 concerning the net placement proceeds of S$12,290,000 raised from the issuance of 195.6 million new ordinary shares for S$0.063 each (the "Net Proceeds").

The Board would like to update shareholders that following the investment of RMB65.0 million made during FY2015 in an integrated property project, Yi Feng Holiday Plaza Project (懿丰假日广场项目) (the "Yi Feng Project"), located at Henan Province Zhu Ma Dian City Zhu Ping County (河南省驻马店逐平县), for a share of profit of 10% thereof, the Net Proceeds were fully utilized.

The directors present their statement to the members together with the audited financial statements of China Mining International Limited (the "Company") and subsidiaries (the "Group") for the financial year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 30 to 102 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 2015 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

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

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

Directors

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

Mr Guo Yinghui	Chairman and Executive Director
Mr Li Bin	Chief Executive Officer and Executive Director
Ms Dong Lingling	Executive Director
Mr Wang Fumin	Executive Director (Appointed on 15 June 2015)
Mr Lim Han Boon	Independent and Non-Executive Director
Mr Ning Jincheng	Independent and Non-Executive Director
Mr Chan Siew Wei	Independent and Non-Executive Director

Directors' interests in shares or debentures

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

	Direct interests		Deemed interests	
	At 1 January 2015(i)	At 31 December 2015(i)	At 1 January 2015(i)	At 31 December 2015(i)
Company				
Ordinary shares of S$0.008 each				
Mr Guo Yinghui	17,985,000	17,985,000	32,240,000 (ii)	32,240,000(ii)

Notes:

(i) On 21 September 2015, the Company completed a share consolidation of every 8 existing issued ordinary shares into 1 consolidation ordinary share in the capital of the Company. Mr Guo Yinghui interests in shares as at 1 January 2015 have been adjusted as if the shares consolidation had occurred on 1 January 2015.

(ii) Mr Guo Yinghui is deemed to be interested in the 14,560,000 (2014: 14,560,000) shares held by his spouse, Mdm Feng Li and the 17,680,000 (2014: 17,680,000) shares held by China Focus International Limited ("China Focus"). China Focus is an investment company incorporated in the British Virgin Islands, Mr Guo Yinghui and Mdm Feng Li are its Directors, and its shares are equally held by them. The number of shares stated are after share consolidation.

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

The Directors' interests in the ordinary shares of the Company at 21 January 2016 were the same at 31 December 2015.

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

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

Share options

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

Audit committee

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

Mr Lim Han Boon (Chairman)	Independent and Non-Executive Director
Mr Ning Jincheng	Independent and Non-Executive Director
Mr Chan Siew Wei	Independent and Non-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 2015 prior to their submission to the Board of Directors, as well as the independent auditors' report on the statement of financial position of the Company and the consolidated financial statements of the Group; and

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

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

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

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

Independent auditors

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

On behalf of the Board of Directors

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

1 April 2016

Crowe Horwath.

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Report on the Financial Statements

We have audited the accompanying financial statements of China Mining International Limited (the "Company") and subsidiaries (the "Group") set out on pages 30 to 102, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, 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 that 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

1 April 2016

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015
(Amounts in thousands of Chinese Renminbi ("RMB"))

	Note	Group			Company	
		2015 RMB'000	2014 RMB'000 (Restated) (Note 39)	2013 RMB'000 (Restated) (Note 39)	2015 RMB'000	2014 RMB'000 (Restated) (Note 39)
ASSETS						
Non-current assets						
Property, plant and equipment	6	6,863	8,620	5,928	304	751
Land use rights	7	54	56	58	–	–
Subsidiaries	8	–	–	–	190,101	206,601
Joint ventures	9	–	16,500	84,000	–	–
Other investment	10	49,840	–	–	–	–
Financial assets at fair value through profit and loss	11	19,314	–	–	–	–
		76,071	25,176	89,986	190,405	207,352
Current assets						
Completed properties for sale	12	73,704	79,046	110,274	–	–
Other receivables, deposits and prepayments	13	8,433	11,489	78,980	572	575
Amounts due from subsidiaries (non-trade)	14	–	–	–	30,925	1,393
Amounts due from related parties (non-trade)	15	468	441	327	468	441
Amounts due from joint ventures (non-trade)	16 (a)	3,016	6,761	3,699	–	–
Amounts due from joint ventures partner (non-trade)	17	–	–	25,000	–	–
Tax recoverable		69	69	69	–	–
Available-for-sale financial assets	18	–	–	7,000	–	–
Pledged bank deposits	19, 35(i)	7,308	8,740	9,121	–	–
Cash and cash equivalents	20	49,450	162,334	206,934	14,715	2,282
		142,448	268,880	441,404	46,680	4,691
TOTAL ASSETS		218,519	294,056	531,390	237,085	212,043

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

As at 31 December 2015
(Amounts in thousands of Chinese Renminbi ("RMB"))

	Note	Group			Company	
		2015 RMB'000	2014 RMB'000 (Restated) (Note 39)	2013 RMB'000 (Restated) (Note 39)	2015 RMB'000	2014 RMB'000 (Restated) (Note 39)
LIABILITIES						
Current liabilities						
Trade payables		8,635	7,845	27,505	–	–
Sales and rental deposits		39,886	41,173	57,753	–	–
Accruals and other payables	21	10,893	15,155	19,151	1,005	4,363
Amounts due to subsidiaries (non-trade)	14	–	–	–	80,614	3,135
Amounts due to related parties (non-trade)	15	520	27,214	6,033	520	27,214
Amounts due to joint ventures (non-trade)	16 (b)	1,966	2,557	687	–	–
Amounts due to joint ventures partner (non-trade)	17	11	11	11	–	–
Income tax payables		40,288	40,768	44,997	–	–
		102,199	134,723	156,137	82,139	34,712
Non-current liability						
Deferred tax liabilities	22	–	–	8,331	–	–
TOTAL LIABILITIES		102,199	134,723	164,468	82,139	34,712
NET ASSETS		116,320	159,333	366,922	154,946	177,331
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Issued capital	23	5,897	5,897	5,897	5,897	5,897
Share premium	24	224,594	224,594	224,594	224,594	224,594
Treasury shares	25	(18)	(18)	(18)	(18)	(18)
Distributable reserve	26	267,600	267,600	362,461	267,600	267,600
Capital reserve		49,031	49,031	49,031	–	–
Accumulated losses		(430,784)	(387,771)	(275,043)	(343,127)	(320,742)
TOTAL EQUITY		116,320	159,333	366,922	154,946	177,331

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 2015
(Amounts in thousands of Chinese Renminbi ("RMB"))

	Note	2015 RMB'000	2014 RMB'000 (Restated) (Note 39)
Revenue	27	17,138	34,075
Cost of sales		(13,242)	(28,669)
Gross profit		3,896	5,406
Share of losses of joint ventures	9	(484)	(601)
Selling and distribution expenses		(1,050)	(3,132)
General and administrative expenses		(44,054)	(62,306)
Other income	28	24,892	4,127
Other expenses	29	(28,087)	(70,107)
Finance income	30	1,963	5,738
Loss before tax	31	(42,924)	(120,875)
Tax (expense) / credit	32	(89)	8,147
Loss for the year, representing total comprehensive loss for the year		(43,013)	(112,728)
Loss per share from loss for the year attributable to equity holders of the Company (RMB cents)			
- Basic and diluted	33	(29.32)	(76.85)

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

For the financial year ended 31 December 2015
(Amounts in thousands of Chinese Renminbi ("RMB"))

	Attributable to equity holders of the Company						
	Issued capital	Share premium	Treasury shares	Distributable reserve	Capital reserve [(i)]	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.1.2014	5,897	224,594	(18)	362,461	49,031	(264,608)	377,357
Prior year adjustment (Note 39)	–	–	–	–	–	(10,435)	(10,435)
Balance at 1.1.2014 (Restated)	5,897	224,594	(18)	362,461	49,031	(275,043)	366,922
Loss for the year, representing total comprehensive loss for the year	–	–	–	–	–	(112,728)	(112,728)
Distribution to owners, represents total transactions with owners							
Dividends (Note 34)	–	–	–	(94,861)	–	–	(94,861)
Balance at 31.12.2014 (Restated)	5,897	224,594	(18)	267,600	49,031	(387,771)	159,333
Balance at 1.1.2015	5,897	224,594	(18)	267,600	49,031	(387,771)	159,333
Loss for the year, representing total comprehensive loss for the year	–	–	–	–	–	(43,013)	(43,013)
Balance at 31.12.2015	5,897	224,594	(18)	267,600	49,031	(430,784)	116,320

Note:

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015
(Amounts in thousands of Chinese Renminbi ("RMB"))

	Note	2015 RMB'000	2014 RMB'000 (Restated)
Cash flows from operating activities			
Loss before tax		(42,924)	(120,875)
Adjustments:			
Amortisation of land use rights		2	2
Depreciation of property, plant and equipment	6	2,567	1,849
Exchange difference		(5,693)	408
Impairment loss on completed properties for sale	12	6,451	2,559
Impairment loss on investment in joint ventures	9	16,016	66,899
Impairment loss on amount due from joint ventures	16 (a)	5,620	–
Accretion of interest on other investment	30	(548)	–
Interest income		(1,415)	(5,458)
Loss on disposal of property, plant and equipment		–	31
Property, plant and equipment written off		–	126
Share of losses of joint ventures	9	484	601
Write-back of allowance on impairment of other receivables	13	(15,030)	–
Fair value gain on financial assets designated at fair value through profit or loss		–	(4,127)
Fair value gain on financial assets at fair value through profit or loss - derivative financial instruments	11	(3,606)	–
Operating loss before working capital changes		(38,076)	(57,985)
Completed properties for sale		(1,109)	28,669
Other receivables, deposits and prepayments		16,750	68,828
Pledged bank deposit	19	1,432	381
Trade payables		790	(19,660)
Sales and rental deposits		(1,287)	(16,580)
Accruals and other payables		(4,262)	(4,309)
Cash used in operations		(25,762)	(656)
Income tax paid		(569)	(4,413)
Net cash used in operating activities		(26,331)	(5,069)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015
(Amounts in thousands of Chinese Renminbi ("RMB"))

	Note	2015 RMB'000	2014 RMB'000 (Restated)
Cash flows from investing activities			
Advances to joint venture	5	(3,866)	(3,062)
Repayment from joint venture		1,400	1,870
Repayment from joint venture partner		–	25,000
Advances to related parties	5	–	(184)
Interest received		2,751	4,121
Other investment	10	(65,000)	–
Proceed from disposal of available-for-sale financial assets	18	–	7,000
Investment in financial assets at fair value through profit or loss		–	(73,769)
Proceeds from disposal of financial assets at fair value through profit or loss		–	77,896
Purchase of property, plant and equipment	Note A	(880)	(4,603)
Proceeds from disposal of property, plant and equipment		70	10
Net cash (used in) / generated from investing activities		(65,525)	34,279
Cash flows from financing activities			
Advances from related parties	5	8,372	23,076
Repayment to related parties	5	(35,066)	(1,825)
Dividend paid	34	–	(94,861)
Net cash used in financing activities		(26,694)	(73,610)
Cash and cash equivalents at beginning of year		162,334	206,934
Net decrease in cash and cash equivalents		(118,550)	(44,400)
Exchange difference on cash and cash equivalents		5,666	(200)
Cash and cash equivalents at end of year	20	49,450	162,334

Note A:

	Note	2015	2014
Total addition to property, plant and equipment	6	880	4,708
Less: Increase in outstanding amount included in accruals and other payable		–	(105)
Purchase of property, plant and equipment per consolidated statement of cash flows		880	4,603

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. GENERAL INFORMATION

China Mining International Limited (the "Company") is a limited liability company domiciled and incorporated in Cayman Islands and is listed on the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of the Company's registered office is Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is at China Beijing, Chaoyong District, Gao Bei Dian Xiang, No. 33 Gao Bei Dian Cun No. 1 District, Beijing 100022.

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

The financial statements for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 1 April 2016.

2. BASIS OF PREPARATION

The Group incurred a net loss of RMB 43,013,000 (2014: RMB 112,728,000) after it had made an impairment loss on the investment in joint ventures of RMB 16,016,000 (2014: RMB 66,899,000) for the financial year ended 31 December 2015. The negative operating cash flows for the financial year amounted to RMB 26,331,000 (2014: RMB 5,069,000).

The intention of the directors and management of the Company is to eventually transform the Group's operations into a mining business. Accordingly, the company currently has 2 iron ore mines held via a joint venture (Note 9), and an on-going proposed RTO as disclosed in Note 38 involving the acquisition of the entire equity stake of China Minerals Energy Limited ("the Proposed RTO") and the concurrent proposed disposal of Elegant Jade Enterprise Limited ("the Proposed Disposal").

The Proposed RTO was delayed due to the internal restructuring by China Minerals Energy Limited that resulted in the parties to the Proposed RTO requiring further time to work out possible revised terms, which may include, but not limited to, the portfolio of the exploration and mining projects that will form part of the group of companies to be acquired by the Company pursuant to the Proposed RTO.

As disclosed in Note 9, due to faltering demand, sliding commodity prices and global oil gut, the management decided to keep 2 iron ore mines as reserves and postpone the application of the mining licenses as there is no viability and economic benefits to continue the active development immediately until the macro-economic environment improves.

The viability of the 2 iron ore mines and Proposed RTO are therefore dependent upon, inter alia, the following factors:

(i) the completion of the proposed RTO;

(ii) the successful procurement of the mining rights for the iron ore mines at Henan and Xinjiang provinces; and

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

Barring any unforeseen circumstances that are beyond the control of the Company, the directors and the management of the Company are cautiously confident of the success of the proposed RTO although the ultimate outcome of the above factors cannot be presently determined.

Despite the delay of the commencement in mining operations and the delay of the completion of the Proposed RTO, based on the management's best estimates, the Group's existing cash and cash equivalents coupled with the future cash flows to be generated from the existing property development business, are sufficient for the Group to operate for the next 12 months from 31 December 2015. Hence, the financial statements are prepared on going concern basis.

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

2. BASIS OF PREPARATION (Continued)

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 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.

The preparation of the financial statements in conformity with IFRS requires the Group 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 the Group'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 the Note 3.

3. SIGNIFICANT ACCOUNTING POLICIES

Adoption of new and revised standards

On 1 January 2015, the Group adopted the new or amended IFRS and Interpretations of IFRS ("INT IFRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and INT IFRS. The adoption of these new or amended IFRS and INT IFRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
IFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to IAS 27: *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to IAS 16 and IAS 41: *Agriculture: Bearer Plants*	1 January 2016
Amendments to IFRS 11: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to IAS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed indefinitely
Amendment to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
Amendment to IFRS 7 *Financial Instruments: Disclosures*	1 January 2016
Amendment to IAS 19 *Employee Benefits*	1 January 2016
Amendment to IAS 34 *Interim Financial Reporting*	1 January 2016
Amendments to IAS 1: *Disclosure Initiative*	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28: *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to IAS 12: *Recognition of deferred tax assets for unrealised losses*	1 January 2017
Amendments to IAS 7: *Disclosure initiative*	1 January 2017
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018
IFRS 9 *Financial Instruments*	1 January 2018
IFRS 16 *Leases*	1 January 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The directors expect that the adoption of the other amendments to standards above will have no material impact on the financial statements in the period of initial application, except for the impending changes in accounting policy on adoption of the following:

Amendments to IAS 27: *Equity Method in Separate Financial Statements*

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in IAS 28 Investments in Associates and Joint Ventures, in addition to measurement at cost and in accordance with IFRS 9 Financial Instruments: Recognition and Measurement. The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

The Company currently presents its investment in separate financial statements at cost and will review this policy consequent to this amendment which is effective in 2016.

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

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

Improvements to IFRSs (November 2014): Amendment to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

The amendment clarifies that when an entity reclassifies an asset from held for sale to held for distribution or vice versa, the change in classification is considered a continuation of the original plan of disposal. The amendment also adds specific guidance for cases in which held-for-distribution accounting is discontinued. The Group will apply these amendments prospectively to any such change in a method of disposal that occur in annual periods beginning on or after 1 January 2016.

Amendments to IAS 1 *Disclosure Initiative*

IAS 1 *Presentation of Financial Statements* is amended as part of the initiatives by the standard-setters to improve presentation and disclosure in financial reports. The amendments clarify materiality guidance in IAS 1 and clarify on aggregating and disaggregating line items on the statement of financial position and statement of comprehensive income, including added guidance on presenting sub-totals. The amendments also give examples on systematic ordering or grouping of the structure of the notes to financial statements. In addition, following the amendments, the share of Other Comprehensive Income (OCI) of the equity-accounted investments shall be presented separately from the other OCI on the statement of changes in equity. The Group will apply these amendments in 2016.

Amendments to FRS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective (Continued)

Amendments to FRS 7: *Disclosure Inititative*

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

IFRS 15 *Revenue from Contracts with Customers*

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

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

The application of IFRS 15 may have a material impact on the amounts reported and disclosures in the Group's consolidated financial statements. The Group is in the process of assessing the impact of the new standard for the future periods.

IFRS 9 *Financial Instruments*

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, and introduces new requirements for classification and measurement, impairment and hedge accounting. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. IFRS 9 also introduces a new expected loss impairment model, and adds detailed guidance on impairment-related presentation and disclosures. IFRS 9 also contains new requirements on hedge accounting, which adopts a more principle-based approach, and allows entities to choose between applying hedge accounting requirements of IFRS 9 or continue to apply the existing hedge accounting requirements in IFRS 39 for all hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. The Group is in the process of assessing the impact of the new standard for the future periods.

Group accounting

(i) Subsidiaries

(a) Basis of consolidation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(a) Basis of consolidation (Continued)

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(b) Acquisition of businesses

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

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

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

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

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

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

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

(c) Disposals of subsidiaries or businesses

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(ii) Joint ventures (equity-accounted investees)

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

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

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

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

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

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

Subsidiaries and joint ventures

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 date of statement of financial position. 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 date of statement of financial position are recognised in profit or loss.

Property, plant and equipment

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

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

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

Land use rights

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

Completed properties for sale

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

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

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

Impairment of non-financial assets

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecasts calculations are generally covering a period of five year period and projecting for another 23 years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth years.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

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

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

Financial assets

(i) Initial recognition and measurement

Financial assets are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are initially recognised at fair value plus, in the case of financial assets classified as held-to-maturity, directly attributable transaction costs.

(ii) Subsequent measurement

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

(ii) Subsequent measurement (Continued)

(b) Loans and receivables

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

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

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories and could include equity and debt securities. They are included in non-current assets unless the Group intends to dispose of the assets within 12 months after the reporting date.

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

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

(iii) Derecognition

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

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

(i) Financial assets carried at amortised cost

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

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

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

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

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

(ii) Available-for-sale financial assets

Considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired include (i) a significant or prolonged decline in the fair value of the investment below its costs, (ii) significant financial difficulties of the issuer or obligor, and (iii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

When the available-for-sale financial asset is impaired, the cumulative loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

(ii) Available-for-sale financial assets (Continued)

For debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as the financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed in profit or loss.

Derivative financial instruments

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

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

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

Financial liabilities

(i) Initial recognition and measurement

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

(ii) Subsequent measurement

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

(iii) Derecognition

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value estimation of financial assets and liabilities

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

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

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

Provisions

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

Financial guarantee

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

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

Leases

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share capital and treasury shares

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

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

Revenue recognition

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

(i) Sale of properties

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

(ii) Interest income

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

Employees' benefits

(i) Retirement benefits

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

<u>Singapore</u>

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees' benefits (Continued)

(i) Retirement Benefits (Continued)

People's Republic of China ("PRC") (Continued)

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

(ii) Employee leave entitlement

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

Income tax

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

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

All income from sale of properties in the PRC is subject to Land Appreciation Tax ("LAT") at progressive rates under the PRC tax laws and regulations. Management has to estimate the LAT progress rate to provide for LAT in accordance with the PRC tax laws and regulations. The management considered the provision of LAT, as disclosed in Note 32 to be adequate.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

Related parties

A related party is defined as follows:

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

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

(ii) Has significant influence over the Company; or

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

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

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

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

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

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

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

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

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

Cash and cash equivalents

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

Contingencies

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contingencies (Continued)

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

Segment reporting

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

Critical accounting estimates, assumptions and judgments

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

(i) Critical accounting estimates and assumptions

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

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

As disclosed in Note 10 and Note 11, the Group determined the fair value of the Group's entitlement of the Project (as defined in Note 10) by discounted cash flows, which requires an estimation of the probable future economic benefits that are expected to be generated by the Project. The discounted cash flows are calculated based on the estimated profit sharing of the Project ("the Entitlement") to be received from the Developer. The fair value gain is most sensitive to selling price for the future sales of properties in next two years, the discount rate used and the market demand. Further details of the key assumptions applied in the discounted cash flows are disclosed in Note 11. The Group has recognised a fair value gain amounted to RMB 3,606,000 (Note 11 and Note 28) for the financial year ended 31 December 2015. The carrying amount of financial asset at fair value through profit or loss as at 31 December 2015 was RMB 19,314,000 (2014: Nil).

The estimation uncertainty and sensitivity analysis is disclosed in Note 11. Favourable or unfavourable changes in properties price, the discount rate and the market demand would result changes in the fair value of the financial asset at fair value through profit or loss in the next financial year.

(b) Impairment of investments in joint ventures

Determining whether investments in joint ventures are impaired requires an estimation of the value in use of those investments which is mainly represented by the mines owned by the joint ventures. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the mines and a suitable discount rate in order to calculate present value.

The Group has done an updated assessment and an impairment of RMB 16,016,000 (2014: RMB 66,899,000) was charged to profit or loss during the year on the investments in joint ventures. The carrying amount of investments in joint ventures at the end of the reporting period was Nil (2014: RMB 16,500,000). The recoverable amount from joint ventures is determined to be Nil as at 31 December 2015 due to the cost of production and development of mines outweighs the expected cash inflows generated in future.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments (Continued)

(i) Critical accounting estimates and assumptions (Continued)

(b) Impairment of investments in joint ventures (Continued)

The estimation uncertainty and sensitivity analysis is disclosed in Note 9. Favourable changes in the iron ore price, the discount rate, and the quantity of the resources surveyed might result in the reversal of the impairment loss of the investment in joint ventures the next financial year. Based on the result of the value-in-use estimation, the management decide to keep these iron ore mines as reserves as there is no viability and economic benefit to continue active development immediately until the macro-economic environment improves.

(c) Impairment of completed properties for sale

Completed properties for sale are reviewed for impairment whenever events and circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The Group has recognised an impairment loss of RMB 6,451,000 (2014: RMB 2,559,000) relating to the commercial units and basement units (2014: basement units) of the development project in profit or loss during the year. The net carrying amount of commercial units and basement units at the end of the reporting period was RMB 4,973,000 (2014: RMB 10,073,000) with an accumulated impairment of RMB 13,033,000 (2014: RMB 6,582,000). Favourable changes to market price of basement units would result in reversal in the impairment loss reported in profit or loss in the next financial year. Favourable or unfavourable changes to the market demand for the commercial units within the residential project would result in changes in the impairment loss reported in profit or loss in the next financial year.

The completed properties for sale also comprise townhouse units for sale of RMB 57,117,000 (2014: RMB 58,526,000) as at 31 December 2015. Management is of the view that the average net realisable value for such units is above its cost, as the management expects the selling price of its townhouse units to increase in the near future to the market price. If the selling price of townhouse units does not improve, the Group might need to recognise an impairment loss in the next financial year amounting to RMB 1,281,000.

(d) Impairment of other receivables

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

Included in the total assets of the Group as at 31 December 2015 was other receivables with carrying amount of RMB 3,379,000 (2014: RMB 5,899,000), which was stated after allowance made for impairment loss amounting to RMB 14,627,000 (2014: RMB 29,657,000). The factors considered by the management in individually determining that these balances were impaired are disclosed in Note 13 (i) and (ii). Any change in the financing standing or probability of the recovery of such balances may result in adjustment to these carrying amounts within the next financial year.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments (Continued)

(i) Critical accounting estimates and assumptions (Continued)

(e) Impairment of amount due from joint ventures

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

During the year, the Group has done an assessment and made impairment losses of RMB 5,620,000 (2014: Nil) charged to profit or loss on the amount due from joint ventures, as a result of significant decline in value in use of mines owned by joint ventures (Note 9).

The factors considered by the management in determining the impairment loss are disclosed in Note 16 (a). The carrying amount of amount due from joint ventures at the end of the reporting period was RMB 3,016,000 (2014: RMB 6,761,000).

(f) Impairment of investment of subsidiaries

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

During the year, the Company recognised an impairment loss of investment in subsidiaries amounting to RMB 16,500,000 (2014: net impairment loss of RMB 49,689,000) which is recognised in profit or loss. The total carrying amount of investment in subsidiaries net of impairment of RMB 402,433,000 (2014: RMB 385,933,000) as at 31 December 2015 is RMB 19,101,000 (2014: RMB 206,601,000).

The factors considered by the management in estimating the recoverable amount of the investment in subsidiaries are disclosed in Note 8. In particular, substantial favourable change in the iron ore price may result in reversal of impairment loss in Nice Rhythm reported by the Company in next financial year. On the other hand, the recoverable amount of Elegant Jade is determined by Disposal Consideration as disclosed in Note 38. Changes in the outcome of the Proposed Disposal would affect the impairment loss in Elegant Jade.

(g) Income taxes

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

Significant judgement is involved in determining the Group's provision for income taxes, including the deductibility of certain expenses and construction costs. There are certain transactions and computations for which the ultimate tax determination is uncertain until the finalisation of CIT at the completion of the entire development project. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax in the period in which such determination is made. The carrying amount of the Group's income tax payable at the end of the reporting period was approximately RMB 41,684,000 (2014: RMB 42,103,000).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments (Continued)

(i) Critical accounting estimates and assumptions (Continued)

(g) Income taxes (Continued)

Land Appreciation Tax ("LAT")

The Group is subject to Land Appreciation Tax ("LAT") in the PRC. However, the Group has not finalised its LAT calculation and payments with the local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related LAT. The Group recognised LAT based on management's best estimates according to understanding of the tax rules. The carrying amount of the Group's LAT recoverable at the end of the reporting period was approximately RMB 1,396,000 (2014: RMB 1,335,000). The carrying amount of the LAT recoverable was offset with CIT payable above on the face of the statement of financial position.

Deferred tax assets not recognised

The Group has tax losses carried forward amounting RMB 63,440,000 (2014: RMB 41,927,000). These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither temporary taxable differences nor any tax planning opportunities available that could support the recognition of any of these losses as deferred tax assets. The carrying value of recognised tax losses as at 31 December 2015 was RMB 4,154,000 (2014: Nil) and unrecognised tax losses as at 31 December 2015 was RMB 59,286,000 (2014: RMB 41,927,000). The expiry dates of such tax losses are disclosed in Note 22.

Also unrecognised as deferred tax assets is deductible temporary differences relating to impairment of completed properties for sale amounting to RMB 13,033,000 (2014: RMB 6,582,000). No deferred tax asset is recognised because it is uncertain whether future taxable profit will be available against which this deductible temporary differences can be utilised.

If the Group was able to recognise all the above unrecognised deferred tax assets, net profit for the year would increase by RMB 18,080,000 (2014: RMB 12,127,000).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments (Continued)

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

Proposed disposal of subsidiary

In financial year ended 31 December 2014, as disclosed in Note 38 in relation to the Proposed RTO. The Board considered that the Proposed Disposal Group has met the criteria to be classified as held for sale as at 31 December 2014 on the ground that the completion of the Proposed RTO is highly probable as the management and the vendors are committed to complete the Proposed RTO within the next 12 months from 31 December 2014 or such extended period should there be a delay which is caused by events or circumstances beyond the Company's control. As a result, the assets and liabilities related to the Proposed Disposal Group have been presented in the statements of financial position as "Assets of Proposed Disposal Group classified as held for sale" and "Liabilities directly associated with Proposed Disposal Group held for sale" as at 31 December 2014 and its results are presented separately on consolidated statement of comprehensive income as "Loss from discontinued operations, net of tax" for the financial year 2014.

As at 31 December 2015, the Proposed RTO and the Proposed Disposal are not completed due to the unforeseeable delay as the internal restructuring by China Minerals Energy Limited has resulted in the parties to the Proposed RTO requiring further time to work out possible revised terms, which may include, but not limited to, the portfolio of the exploration and mining projects that will form part of the group of companies to be acquired by the Company pursuant to the Proposed RTO. Consequently, the management is of the view that, as at reporting date, the proposed disposal no longer meet the criteria under IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations for classification as Disposal Group Held for Sale. As a result, the Group has ceased to classify and present the assets, liabilities and the results pertaining to the Proposed Disposal Group separately from other assets, liabilities and other results in consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income for the financial year 2015. Accordingly, the Group's comparative consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income have been represented as if the Proposed Disposal Group had not been classified as disposal group held for sale as at the end of the previous financial year and the relevant operations were not classified as discontinued operation for the comparative period as disclosed in Note 39.

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

4. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

	Group		Company	
	2015 RMB'000	2014 RMB'000 (Restated)	2015 RMB'000	2014 RMB'000 (Restated)
Financial assets				
Loans and receivables	115,292	185,348	46,680	4,691
Financial assets at fair value through profit or loss – derivative financial instrument	19,314	–	–	–
	134,606	185,348	46,680	4,691
Financial liabilities				
Financial liabilities at amortised cost	20,119	50,879	82,139	34,712

Financial risk management objectives and policies

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

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

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk

(a) Foreign exchange risk

The Group transacts business in various foreign currencies including United States dollar, Hong Kong dollar, Australian 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 2015	Renminbi RMB'000	United States dollar RMB'000	Hong Kong dollar RMB'000	Singapore dollar RMB'000	Total RMB'000
Financial assets					
Other receivables and deposits	4,629	–	9	572	5,210
Amounts due from related parties (non-trade)	–	468	–	–	468
Amounts due from joint ventures (non-trade)	3,016	–	–	–	3,016
Cash and cash equivalents	27,396	18,168	3,651	235	49,450
Pledged bank deposits	7.308	–	–	–	7,308
Other investment	49,840	–	–	–	49,840
Financial assets at fair value through profit and loss	19,314	–	–	–	19,314
	111,503	18,636	3,660	807	134,606
Financial liabilities					
Trade payables	8,635	–	–	–	8,635
Accrual and other payables	7,982	–	183	822	8,987
Amount due to joint ventures (non-trade)	1,966	–	–	–	1,966
Amount due to joint ventures partner (non-trade)	11	–	–	–	11
Amounts due to related party (non-trade)	520	–	–	–	520
	19,114	–	183	822	20,119
Net financial assets / (liabilities)	92,389	18,636	3,477	(15)	114,487
Less: Net financial assets denominated in the respective entities' functional currency	(92,389)	–	–	–	(92,389)
Foreign currency exposure	–	18,636	3,477	(15)	22,098

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

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Group (Restated) 2014	Renminbi RMB'000	United States dollar RMB'000	Hong Kong dollar RMB'000	Australian dollar RMB'000	Singapore dollar RMB'000	Total RMB'000
Financial assets						
Other receivables and deposits	6,497	–	–	–	575	7,072
Amounts due from related parties (non-trade)	–	441	–	–	–	441
Amounts due from joint ventures (non-trade)	6,761	–	–	–	–	6,761
Pledged bank deposits	8,740	–	–	–	–	8,740
Cash and cash equivalents	155,962	40	585	–	5,747	162,334
	177,960	481	585	–	6,322	185,348
Financial liabilities						
Trade payables	7,845	–	–	–	–	7,845
Accrual and other payables	8,889	3,140	158	36	1,029	13,252
Amounts due to related parties (non-trade)	27,214	–	–	–	–	27,214
Amounts due to joint ventures (non-trade)	2,557	–	–	–	–	2,557
Amounts due to joint ventures partner (non-trade)	11	–	–	–	–	11
	46,516	3,140	158	36	1,029	50,879
Net financial assets / (liabilities)	131,444	(2,659)	427	(36)	5,293	134,469
Less: Net financial assets denominated in the respective entities' functional currency	(131,444)	–	–	–	–	(131,444)
Foreign currency exposure	–	(2,659)	427	(36)	5,293	3,025

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

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

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

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

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

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Company 2014	Renminbi RMB'000	United States dollar RMB'000	Hong Kong dollar RMB'000	Australian dollar RMB'000	Singapore dollar RMB'000	Total RMB'000
<u>Financial assets</u>						
Other receivables and deposits	–	–	–	–	575	575
Amounts due from subsidiaries (non-trade)	1,393	–	–	–	–	1,393
Amounts due from related parties (non-trade)	–	441	–	–	–	441
Cash and cash equivalents	–	7	7	–	2,268	2,282
	1,393	448	7	–	2,843	4,691
<u>Financial liabilities</u>						
Accruals and other payables	–	3,140	158	36	1,029	4,363
Amount due to subsidiaries (non-trade)	3,135	–	–	–	–	3,135
Amounts due to related parties (non-trade)	27,214	–	–	–	–	27,214
	30,349	3,140	158	36	1,029	34,712
Net financial (liabilities) / assets	(28,956)	(2,692)	(151)	(36)	1,814	(30,021)
Less: Net financial liabilities denominated in the Company's functional currency	28,956	–	–	–	–	28,956
Foreign currency exposure	–	(2,692)	(151)	(36)	1,814	(1,065)

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

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Foreign exchange risk sensitivity analysis

The following table details the sensitivity to a 10% strengthening and weakening in the relevant foreign currencies against the Renminbi. 10% 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 10% change in foreign currency rates.

If the relevant foreign currency weakens by 10% against the Renminbi, loss for the year will increase / (decrease) by:

	United States dollar impact		Hong Kong dollar impact		Singapore dollar impact		Australian dollar impact	
	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000 (Restated)	RMB'000	RMB'000 (Restated)	RMB'000	RMB'000 (Restated)	RMB'000	RMB'000 (Restated)
Group								
Loss for the year	1,398	(199)	261	32	(1)	397	–	(3)
Company								
Loss for the year	933	(202)	178	(11)	(5)	136	–	(3)

If the relevant foreign currency strengthens by 10% against the Renminbi, loss for the year will increase / (decrease) by:

	United States dollar impact		Hong Kong dollar impact		Singapore dollar impact		Australian dollar impact	
	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000 (Restated)	RMB'000	RMB'000 (Restated)	RMB'000	RMB'000 (Restated)	RMB'000	RMB'000 (Restated)
Group								
Loss for the year	(1,398)	199	(261)	(32)	1	(397)	–	3
Company								
Loss for the year	(933)	202	(178)	11	5	(136)	–	3

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

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

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(b) Interest rate risk

The Group and the Company has no significant exposure to cash flows and fair value due to changes in interest rate, as there is no interest bearing assets and liabilities or assets or liabilities measured at fair value.

(ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. Cash and cash equivalents of the Group (Note 20) and pledged deposits (Note 19) are placed with reputable financial institutions in Singapore, PRC and Hong Kong. Therefore, credit risk arises mainly from the inability of its debtors to make repayments when due. Except as disclosed in Note 13, the amounts presented in the statement of financial position are not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

As at 31 December 2015, other than as disclosed elsewhere, the Group's significant credit risk exposure to single counterparty or Group of counterparties having similar characteristics, are mainly described below:

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

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

	Group	
	2015	2014
	RMB'000	RMB'000
Financial guarantees provided to banks for housing loan of the individual buyers of the Group's property development project (Note 35(i))	47,034	161,551

Further details of credit risks on other receivables, including the concentration and the factors considered in determining the impairment individually are disclosed in Note 13.

Financial assets that are neither past due nor impaired

Except as disclosed in Note 13, other receivables and deposits that are neither past due nor impaired are creditworthy counterparties with good payment record with the Group. Cash and short term deposits which are neither past due nor impaired are placed with or entered into with reputable financial institutions.

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

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Liquidity risk

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

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

	Group		Company	
	2015	2014	2015	2014
	RMB '000	RMB '000	RMB '000	RMB '000
Repayable on demand or within 1 year				
Non-interest bearing liabilities	20,119	50,879	82,139	34,712
Financial guarantee (Note 35 (i))	47,034	161,551	–	–
	67,153	212,430	82,139	34,712

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

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

Company	On demand or within 1 year RMB'000
2015	
Non-interest bearing liabilities	82,139
2014	
Non-interest bearing liabilities	34,712

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 2014.

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

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

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

Movements in Level 3 financial instruments measured at fair value

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

2015	Group
Financial assets at fair value through profit or loss - Derivative	
At the beginning of year	–
Addition (Note 10)	15,708
Fair value gain recognised in profit or loss (Note 28)	3,606
At end of the year	19,314

Financial instruments transferred from Level 1 to Level 3

There has been no transfer from Level 1 and Level 2 to Level 3 during 31 December 2015 (2014: None).

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

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

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

4. FINANCIAL INSTRUMENTS (Continued)

Fair value of financial instruments (Continued)

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

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

5. RELATED PARTY TRANSACTIONS

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

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

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

	Group	
	2015 RMB'000	2014 RMB'000 (Restated)
Advances to joint venture	(3,866)	(3,062)
Advances from related parties	8,372	23,076
Advances to related parties	–	(184)
Repayment to related parties	(35,066)	(1,825)

The balances arising from the above transaction and the amount of doubtful debts recognised are disclosed in Note 15 and Note 16(a).

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

	Group	
	2015 RMB'000	2014 RMB'000 (Restated)
Short-term benefits	6,713	6,152
Post-employment benefits – Defined contribution	209	202
	6,922	6,354

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

6. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost					
As at 1.1.2014	220	14,211	5,048	3,992	23,471
Additions	–	2,450	752	1,506	4,708
Disposals	–	–	–	(410)	(410)
Written off	–	–	(2,352)	(506)	(2,858)
Classified as held for sale	(220)	(15,695)	(3,420)	(3,393)	(22,728)
As at 31.12.2014	–	966	28	1,189	2,183
Reclassification (Note 39)	220	15,695	3,420	3,393	22,728
As at 31.12.2014 (Restated)	220	16,661	3,448	4,582	24,911
As at 1.1.2015	220	16,661	3,448	4,582	24,911
Additions	–	–	30	850	880
Disposals	–	–	–	(396)	(396)
As at 31.12.2015	220	16,661	3,478	5,036	25,395
Accumulated depreciation					
As at 1.1.2014	114	13,277	3,068	1,084	17,543
Charge for the year	11	491	556	791	1,849
Disposals	–	–	–	(369)	(369)
Written off	–	–	(2,239)	(493)	(2,732)
Classified as held for sale	(125)	(13,543)	(1,367)	(637)	(15,672)
As at 31.12.2014	–	225	18	376	619
Reclassification (Note 39)	125	13,543	1,367	637	15,672
As at 31.12.2014 (Restated)	125	13,768	1,385	1,013	16,291
As at 1.1.2015	125	13,768	1,385	1,013	16,291
Charge for the year	11	1,013	643	900	2,567
Disposals	–	–	–	(326)	(326)
As at 31.12.2015	136	14,781	2,028	1,587	18,532
Net carrying value					
As at 31.12.2015	84	1,880	1,450	3,449	6,863
As at 31.12.2014 (Restated)	95	2,893	2,063	3,569	8,620

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Leasehold improvement RMB'000	Furniture, fixtures and equipment RMB'000	Total RMB'000
Cost			
As at 1.1.2014	–	14	14
Additions	966	14	980
As at 31.12.2014, 1.1.2015 and 31.12.2015	966	28	994
Accumulated depreciation			
As at 1.1.2014	32	15	47
Charge for the year	193	3	196
As at 31.12.2014	225	18	243
As at 1.1.2015	225	18	243
Charge for the year	444	3	447
As at 31.12.2015	669	21	690
Net carrying value			
As at 31.12.2015	297	7	304
As at 31.12.2014	741	10	751

7. LAND USE RIGHTS

	Group	
	2015 RMB'000	2014 RMB'000 (Restated)
Cost		
At beginning of year	56	58
Amortisation	(2)	(2)
At end of year	54	56

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

During the financial year ended 31 December 2015, amortisation of RMB 2,000 (2014: RMB 2,000) has been charged to profit or loss.

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

8. SUBSIDIARIES

	Company	
	2015	2014
	RMB'000	RMB'000
		(Restated)
Unquoted equity shares, at cost	197,835	197,835
Deemed investment at cost (i)	378,795	378,795
Deemed investment in a subsidiary (ii)	15,904	15,904
	592,534	592,534
Less: Impairment		
At beginning of the year	(385,933)	(336,244)
Addition (iii)	(16,500)	(58,114)
Reversal (iv)	–	8,425
At end of year	(402,433)	(385,933)
	190,101	206,601
Represented by:		
Investment in Nice Rhythms (iii)	–	16,500
Investment in Elegant Jade (iv)	190,101	190,101
	190,101	206,601

Notes:

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

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

(iii) During the financial year, the management performed an impairment test for its investment in a subsidiary, Nice Rhythms Limited with net carrying amount (before impairment loss) of RMB16,500,000 (2014: RMB 74,613,000). The only asset of the subsidiary is its interest in joint venture in mining business, which has been fully impaired as at 31 December 2015 (Note 9) due to significant decline in the price of iron ore. As the subsidiary has no other asset or operations, the Company has correspondingly recognised a full impairment loss of RMB 16,500,000 (2014: RMB 58,114,000) on the remaining carrying amount of the investment in the subsidiary, which is charged to profit or loss during the financial year. The key assumptions in the value in use calculation for the impairment testing of the investment in joint venture are disclosed in Note 9.

(iv) The carrying amount of the Company's investment in subsidiaries as at 31 December 2015 represents investment in Elegant Jade. As disclosed in Note 38 in relation to the Proposed RTO, the Disposal Consideration for the Proposed Disposal amounting to SGD 40,970,000 (approximately RMB 190,101,000). As a result, a reversal of impairment amounting to RMB 8,425,000 was recognised in the previous financial year. The proposed RTO and the Proposed Disposal is still in progress as at the date of this report. Disposal Consideration is used as the basis to assess the recoverable amount of Elegant Jade as at 31 December 2015.

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

8. SUBSIDIARIES (Continued)

Particulars of the Company's subsidiaries as at 31 December 2015 and 2014 are as follows:

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			2015	2014
			%	%
Held by the Company				
Elegant Jade Enterprises Limited ("Elegant Jade") [(i)]	Investment holding	British Virgin Islands	100	100
Nice Rhythms Limited [(i)]	Investment holding	British Virgin Islands	100	100
China Mining Singapore Pte Ltd [(ii)]	Mining consultancy and investment holding	Singapore	100	100
Held by Elegant Jade				
Whitewood Property Corporation [(i)]	Dormant	British Virgin Islands	100	100
Zhengzhou Shenderun Mining Co., Ltd (formerly known as "Anyang Huilong Real Estate Co., Ltd") [(i)]	Dormant	PRC	100	100
Xinxiang Huilong Real Estate Co., Ltd [(i)]	Property development and investment holding	PRC	100	100
Henan Sunshine Elegant Jade Real Estate Co., Ltd [(i)]	Investment holding	PRC	100	100
Zhengzhou Elegant Jade Changqi Investment Co., Ltd [(i)]	Investment securities trading	PRC	100	100
Henan Zhong Neng Mining Co., Ltd [(i)]	Dormant	PRC	100	100
Beijing Zhong Neng Hui Feng Mining and Trading Co., Ltd [(i)]	Dormant	PRC	100	100

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

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

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

9. JOINT VENTURES

	Group	
	2015 RMB'000	2014 RMB'000
Cost of investments in joint ventures	350,000	350,000
Share of post-acquisition losses	(2,086)	(1,602)
Impairment loss	(347,914)	(331,898)
	–	16,500

The Group has interest in a joint venture as detailed below, which is measured using the equity method. Share of post-acquisition losses of approximately RMB 484,000 (2014: RMB 601,000) has been recognised in the profit or loss during the year.

Details of the Group's joint ventures at 31 December 2015 and 2014 are as follows:

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			2015 %	2014 %
Held by the Nice Rhythm [i]				
Tian Cheng Holdings Limited ("Tian Cheng")	Investment holding	British Virgin Islands	50	50
Held by Tian Cheng, directly and indirectly				
Zhengzhou Jingwei Trading Co., Ltd	Investment holding	PRC	50	50
Zhengzhou Bidi Trading Co., Ltd	Investment holding	PRC	50	50
Xinjiang Feng Shuo Mineral Resources Co., Ltd	Exploration and mining	PRC	50	50
Zhengzhou Mai Yong Trading Co., Ltd	Investment holding	PRC	50	50
Luan Chuan County Zhong Tian Mineral Resources Co., Ltd	Exploration and mining	PRC	49.9	49.9

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

(i) The Company has, on 14 January 2015, entered into an instrument of share transfer pursuant to which Nice Rhythms Limited ("Nice Rhythms") (a wholly-owned subsidiary of the Company) acquired of equity interest of Tian Cheng from Elegant Jade Enterprises Limited ("Elegant Jade") (also a wholly-owned subsidiary of the Company) with effect from 31 December 2014 ("Effective Date") as announced by the Company on 14 January 2015. Nice Rhythms had acquired Tian Cheng from Elegant Jade for a purchase consideration of RMB 74,613,000.

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

9. JOINT VENTURES (Continued)

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

	2015 RMB'000	2014 RMB'000
Non-current assets *	766,587	763,863
Current assets	1,030	2,286
Current liabilities	(71,789)	(69,354)

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

The above amounts of assets and liabilities include the following:

	2015 RMB'000	2014 RMB'000
Cash and cash equivalents	667	193
Current financial liabilities (excluding trade and other payables and provisions)	(54)	(87)
Revenue	–	–
Expenses / Net losses for the year, representing the total comprehensive loss	(968)	(1,203)
The above loss for the year include the following:		
Depreciation	(165)	(179)
Interest income	1	2

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

	2015 RMB'000	2014 RMB'000
Net assets of the joint venture (including fair value adjustment)	695,828	696,795
Proportion of the Group's ownership interest in the joint venture	50%	50%
	347,914	348,398
Accumulated impairment loss	(347,914)	(331,898)
Carrying amount	–	16,500

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

9. JOINT VENTURES (Continued)

Movement in impairment loss on joint venture

	Group	
	2015	2014
	RMB'000	RMB'000
Balance at beginning of the year	(331,898)	(264,999)
Less: Impairment loss recognised (Note 29)	(16,016)	(66,899)
Balance at end of the year	(347,914)	(331,898)

Impairment testing

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

The Group has engaged Roma Appraisals Limited, an independent Hong Kong based valuer, to evaluate the fair values of Xinjiang and Henan Iron Ore Mines.

Valuation techniques and assumptions

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

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

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

Outcome of the impairment testing and the management's decision

During the financial year ended 31 December 2015, the Group has recognised an impairment loss of RMB 16,016,000 (2014: RMB 66,899,000) in profit or loss under the 'mining' operating segment, which represents full impairment loss of the remaining carrying amount of the investment as at 31 December 2015 (2014: shortfall of the fair value of the mines against the carrying value of the investment as at 31 December 2014). The impairment was due principally to the significant decline in the price of iron ore, where the trailing 1-year average and 2-year average prices of iron ore were about RMB 526 and RMB 652 per ton respectively as at 31 December 2015 compared to such relevant prices of about RMB 767 per ton and RMB 863 per ton respectively as at 31 December 2014.

The recoverable amounts for both mines are determined to be nil as at 31 December 2015 as the value-in-use calculations shows that the cost of production and development of the mines outweighs their expected future cash inflows to be generated. Fair value less costs of disposal as at 31 December 2015 was also not expected to be of any significant amount in view of the current market sentiment in the mining industry. Based on the result of the impairment testing, the management decided to keep these iron ore mines as reserves in the mean time as there is no viability and economic benefit to continue active development immediately until the macro-economic environment improves.

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

9. JOINT VENTURES (Continued)

Sensitivity analysis

FY2015

As at 31 December 2015, the mines were fully impaired principally due to the significant decline in the iron ore prices. The 2-year trailing average of Iron Ore Price TFe 20.26% and TFe 35.62% for 2015 stood at RMB 662 per ton and RMB 641 per ton respectively. These prices would need to re-bounce to RMB 1,043 (or increase by 58%) per ton and RMB 806 (or increase by 26%) per ton respectively in order for the value-in-use calculations of the mines to return to positive; with other assumptions remain constant. As the management does not view this favourable change in iron price to be reasonably possible within the next financial year, the sensitivity analysis for the impact is not presented.

FY2014

If the discount rate, total amount of resource and iron price adopted in the valuation deviate in respect of 2%, 5% and 1% respectively, the impact on impairment loss recognised in profit or loss are as below:

Absolute change in discount rate	Applied discount rate	Market value of Henan Iron Ore Mine (not adjusted for the percentage ownership)[1] (RMB)	Increase / (Decrease) In impairment (RMB)
+2%	14%	–	–
0	12%	–	–
–2%	10%	–	–

Absolute change in discount rate	Applied discount rate	Market value of Xinjiang Iron Ore Mine (not adjusted for the percentage ownership) (RMB)	Increase / (Decrease) in impairment (RMB)
+2%	14%	13,500,000	9,750,000
0	12%	33,000,000	–
-2%	10%	63,000,000	(15,000,000)

Percentage change in total amount of resource adopted	Total amount of resource adopted (tonnes)	Market value of Henan Iron Ore Mine (not adjusted for the percentage ownership)[1] (RMB)	Increase / (Decrease) in impairment (RMB)
+5%	25,871,958	–	–
0	24,639,960	–	–
-5%	23,407,962	–	–

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

9. JOINT VENTURES (Continued)

Sensitivity analysis (Continued)

FY2014 (Continued)

Percentage change in total amount of resource adopted	Total amount of resource adopted (tonnes)	Market value of Xinjiang Iron Ore Mine (not adjusted for the percentage ownership) (RMB)	Increase / (Decrease) in impairment (RMB)
+5%	13,206,393	34,500,000	(750,000)
0	12,577,517	33,000,000	–
-5%	11,948,641	25,000,000	4,000,000

Percentage change in Iron Ore Price	Iron Ore Price TFe 20.26% (RMB / tonne)	Market value of Henan Iron Ore Mine (not adjusted for the percentage ownership)[1] (RMB)	Increase / (Decrease) in impairment (RMB)
+1%	850	–	–
0	842	–	–
-1%	834	–	–

Percentage change in Iron Ore Price	Iron Ore Price Tfe 35.62% (RMB / tonne)	Market value of Xinjiang Iron Ore Mine (not adjusted for the percentage ownership) (RMB)	Increase / (Decrease) in impairment (RMB)
+1%	823	37,000,000	(2,000,000)
0	815	33,000,000	–
- 1%	807	29,000,000	2,000,000

Note:

[1] As at 31 December 2014, the carrying value of the Henan Iron Ore Mine was fully impaired due to the decrease in the iron ore price as well as the delay in the commencement of mining production of the mine, which defers the future cash flow streams from the sales of the iron ores.

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

10. OTHER INVESTMENT

	Group	
	2015	2014
	RMB'000	RMB'000
<u>Other investment, at amortised cost</u>		
Balance at beginning of the year year	–	–
Addition[(i)]	65,000	–
Fair value adjustment, re-classified as financial assets at fair value through profit or loss [(ii)] (Note 11)	(15,708)	–
	49,292	
Accretion of interest income[(iii)]	548	–
Balance at end of the year	49,840	–

Notes:

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

(ii) The fair value of interest-free Capital Advance, which is discounted at market borrowing rate of equivalent unsecured loans for 2 years, at 14% per annum is RMB 49,292,000. The discount, which is the difference between the initial sum and the fair value, amounted to RMB 15,708,000, is treated as the deemed cost of the Entitlement at inception. The fair value of the Entitlement is subject to changes in the profitability of the Project, and is classified as financial assets at fair value through profit or loss as at 31 December 2015 (Note 11).

(iii) The Capital Advance is carried at amortised cost with an effective interest rate of 14% per annum. The amortisation of the discount for the current financial year amounted to RMB 548,000 was recognised as finance income in profit or loss (Note 30). Even though the agreement provides for early termination which will also entitle the Group to a full refund of RMB 65,000,000 at zero interest, the Group expects that the Project will be profitable and hence does not expect early termination. The investment is accordingly classified as non-current assets as at 31 December 2015.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at fair value through profit or loss as at 31 December 2015 was as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
At inception (Note 10)	15,708	–
Fair value gain (Note 28)	3,606	–
Balance at end of the year	19,314	–

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

The fair value of the FVTPL was determined by applying discounted cash flows model on the estimated Entitlement to be received by the end of 2017. The Entitlement amount is derived from the budget of the Project for the next two financial years, which represents the total sales amount of the Project less costs to complete and taxes.

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

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

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

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

As of the reporting date, the construction of the Project is complete except for renovation of the Hotel and Commercial units which comprise the cost to complete. The Project has also been launched for sale since 2012. According to the agreement, the agreement is considered completed if the Project is fully sold or deemed to be fully sold, and the revenue to be taken into account in the calculation of the Entitlement includes revenue or deemed revenue. According to the negotiation between the two parties, the Developer intends to purchase all unsold properties at 31 December 2017 at a price to be negotiated, which is taken to be the deemed revenue. In determining the estimated amount of the Entitlement, the management assume that the Developer will purchase the unsold units at a discount of 15% to 25% from the market value at 31 December 2017.

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

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

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

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

- The discount rate were lower (higher);
- Selling price of properties were higher (lower);
- Unsold properties at the end of the agreement were lower (higher);
- Selling expenses were lower (higher);
- Cost to complete were lower (higher).

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

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

(b) Inter-relationship between key unobservable inputs

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

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

Sensitivity analysis

The fair value gain is most sensitive to selling price and market demand of the properties in next two years, and the discount rate used:

- The selling price is estimated using the latest selling price as of 31 December 2015, without adjusting the possibility of price increase or reduction of the Project in next two years, as the Group expects the industry to remain competitive. If the future selling price in the forecast years is 5% higher or lower from the Group's forecasted selling price; with other assumptions remain constant, the fair value gain would increase or decrease by RMB 4,589,000

- The discount rate used in the discounted cash flows represents management's estimate of the expected returns including the risk premium attached to the property market in PRC. If the discount rate used was 2% higher or lower (i.e. at 22% or at 18%); with other assumptions remain constant, the fair value gain would decrease or increase by RMB 628,000 or RMB 660,000 respectively.

- The percentage unsold is estimated by reference to the percentage sold since the launching of the Project until 31 December 2015 and similar sales momentum is projected to continue until 31 December 2017. If the percentage unsold of the commercial and residential units were 5 % higher or lower than estimated; with other assumptions remain constant, the fair value gain would decrease or increase by RMB 430,000 or RMB 865,000.

12. COMPLETED PROPERTIES FOR SALE

		Group	
	2015	2014	2013
	RMB'000	RMB'000 (Restated)	RMB'000 (Restated) (Note 39)
At cost	86,737	85,628	114,297
Less: Accumulated impairment loss	(13,033)	(6,582)	(4,023)
	73,704	79,046	110,274

The cost of completed properties recognised as expenses and included in "cost of sales" amounted to RMB 13,242,000 (2014: RMB 28,669,000).

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

12. COMPLETED PROPERTIES FOR SALE (Continued)

Movement of impairment loss on completed properties for sale:

	Group	
	2015 RMB'000	2014 RMB'000
Balance at beginning of the year	6,582	4,023
Charge for the year (Note 29)	6,451	2,559
Balance at end of the year	13,033	6,582

Accumulated impairment loss at the end of the year represents:

	Group	
	2015 RMB'000	2014 RMB'000
Basement units	9,591	6,582
Commercial units	3,442	–
	13,033	6,582

The Group provided for impairment loss on the carrying amount of the unsold basement units as the management considers that the net realisable value of such units are insignificant based on the sales track records. The impairment loss recognised on the basement units during the year amounted to RMB 3,009,000 (2014: RMB 2,559,000).

In addition, the Group also provided impairment loss on the commercial units as the management views that it is highly probable that certain percentage of the total units would remain unsold for an indefinite period of time in view of the past sales records of the project since its launch in 2008. The management does not currently has any alternative plan to change the purpose or use for such units. The impairment loss recognised on the commercial units during the year amounted to RMB 3,442,000 (2014: Nil).

The details of the completed properties for sale as at 31 December are as follows:

Property and address	Description	Tenure	Gross floor area (square metre)	Gross floor area (square metre)
			2015	2014
Sunny Town Located at Xinxiang New District, Western District of Xinxiang, Henan Province, the PRC	Commercial and residential	Residential: 70 years expiring in 2076 Commercial: 40 years expiring in 2046	46,277	53,299

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

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015 RMB'000	2014 RMB'000 (Restated)	2015 RMB'000	2014 RMB'000
Advances to staff	20	20	–	–
Other receivables[(i) (ii)]	18,006	33,556	–	–
Accrued interest from structured deposits	–	1,336	–	–
Rental deposits	1,420	1,426	572	575
Other deposits	391	391	–	–
Prepaid construction costs	69	69	–	–
Prepaid rental[(iii)]	2,755	3,219	–	–
Other prepayment	13	684	–	–
Prepaid business and related tax	386	445	–	–
	23,060	41,146	572	575
Less: Allowance for impairment – Other receivables				
At beginning of the year	(29,657)	(29,693)	–	(36)
Written off	–	36	–	36
Reversal of allowance (Note 28)	15,030	–	–	–
At end of the year	(14,627)	(29,657)	–	–
	8,433	11,489	572	575

Notes:

The impairment loss as at 31 December 2015 of RMB 14,627,000 (2014: RMB 29,657,000) comprise of the following balance:

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

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

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

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

During the financial year, an aggregate sum of RMB 15,030,000 was received from the buyer, and a reversal of the impairment loss for the same amount was recognised. However, the buyer did not fully adhere to the instalment payment schedule as stated above, and the management is still in the process of negotiating with the buyer to recover the remaining sum, which may include initiating legal proceeding if necessary. The management is of the view that there remains a significant uncertainty in its collectability, and hence the Group did not reverse the remaining allowance for impairment loss amounting to RMB 12,038,000. The gross amount of the remaining sum as at 31 December 2015 is RMB 12,038,000 which is considered past due and fully impaired.

(ii) Included in other receivables (gross) is an amount owing from a third party of RMB 5,000,000 (2014: RMB 5,000,000) which was claimed and awarded under an arbitration proceeding in 2010, as disclosed in Note 36. Provision for impairment loss as at 31 December 2015 amounted to RMB 2,589,000 (2014: RMB 2,589,000) has been recognised since financial year 2012. The management is of the view that the carrying amount of RMB 2,411,000 (2014: RMB 2,411,000) is recoverable as there is a corresponding liability owing to the same counterparty for the same amount included in other payables (Note 21).

(iii) Included in prepaid rental was an amount of RMB 2,696,000 (2014: RMB 2,613,000) which represents 1 year rental prepaid for the Group's Corporate office located in Beijing. The rental deposit paid on this lease was RMB 646,000 (2014: RMB 646,000).

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

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

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

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

	Group and Company	
	2015	2014
	RMB'000	RMB'000
Amounts due from related parties [(i)]	468	441
Amounts due to related parties [(ii)]	(520)	(27,214)

Notes:

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

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

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

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

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

	Group	
	2015	2014
	RMB'000	RMB'000
Amount due from joint ventures (non-trade)	8,636	6,761
Less: Allowance for impairment		
At beginning of the year	–	–
Addition	(5,620)	–
At end of the year	(5,620)	–
	3,016	6,761

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

During the financial year, the management performed an impairment test for the amount due from joint ventures in view of the full impairment loss of investment in joint ventures as at 31 December 2015 (Note 9). As a result, the Group has made an impairment loss against amount due from joint ventures amounting to RMB 5,620,000 (Note 29). The joint venture currently does not have revenue-generating activities. Management is of the view that the carrying amount of RMB 3,016,000 as at 31 December 2015 represents present value of estimated future cash flows as there is a corresponding liability owing to same group of counterparty of RMB 1,966,000 and the remaining amount of RMB 1,050,000 is recoverable from the joint venture after receiving additional contribution from the joint venture partner to match the Group's past contribution.

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

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

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

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

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

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group invested structured deposits with two local PRC banks in December 2013, which have been fully redeemed in January 2014 with effective rates of 2.0% to 2.4% per annum.

19. PLEDGED BANK DEPOSITS

The Group has pledged certain deposits to the state owned commercial banks in PRC to secure their grants of mortgage loans to the buyers of the Group's properties. These deposits carry interest rate is 0 to 0.3% (2014: 0% to 0.35%) per annum respectively. The pledged bank deposits will be released upon the issuance of ownership certificates.

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Cash at bank	24,583	9,725	14,715	2,282
Cash on hand	87	109	–	–
Structured deposits [(i)]	24,780	152,500	–	–
Cash and cash equivalents per consolidated statement of cash flows	49,450	162,334	14,715	2,282

As at 31 December 2015, the Group has cash and cash equivalents placed with banks in the People's Republic of China denominated in Chinese Renminbi ("RMB") amounting to approximately to RMB 27,329,000 (2014: RMB 155,868,000). The RMB is not freely convertible into foreign currencies. Under the People's Republic of China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

Note:

(i) The structured cash deposits pertains to principal-protected short-term investment deposits with a commercial bank in PRC during the financial year ended 31 December 2015 amounting to RMB 24,780,000 (2014: RMB 152,500,000) with a maturity period of less than a month. The entire deposits was denominated in Renminbi and was fully redeemed as at the date of this report and cash transferred to the Group's bank account together with effective rates of 3.0% - 3.60% (2014: 3.40% - 4.20%) per annum.

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

21. ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2015 RMB'000	2014 RMB'000 (Restated)	2015 RMB'000	2014 RMB'000
Other payables				
- Construction cost payable	1,364	1,364	–	–
- Others [(i)]	4,900	5,047	–	–
Accrued expenses				
- Accrued business and related taxes	1,152	1,149	–	–
- Other accrued expenses [(ii)]	2,310	5,851	1,005	4,363
Deposits				
- Refundable deposits received in advance	413	990	–	–
- Non-refundable deposits received in advance	754	754	–	–
	10,893	15,155	1,005	4,363

Notes:

(i) Included in other payables is an amount of RMB 2,411,000 (2014: RMB 2,411,000) which represents an amount owing to a third party which can be offset against a receivable amount from the same party that was a subject of an arbitration proceeding as disclosed in Note 13(ii) and Note 36.

(ii) Other accrued expenses of the Group and the Company include directors' fees payable amounting to RMB 188,000 (2014: RMB 195,000).

22. DEFERRED TAX

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

	Deferred tax assets	Deferred tax liabilities		Total
	Unutilised tax losses RMB'000	Other Investment [(i)] RMB'000	Undistributed profits of subsidiaries RMB'000	RMB'000
At 1.1.2014 (Restated)	–	–	8,331	8,331
Charge to profit or loss for the year (Note 32)	–	–	(8,331)	(8,331)
At 31.12.2014	–	–	–	–
At 1.1.2015	–	–	–	–
Charge to profit or loss for the year (Note 32)	1,038	(1,038)	–	–
At 31.12.2015	1,038	(1,038)	–	–

Note:

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

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

22. DEFERRED TAX (Continued)

Unrecognised tax losses

The Group has tax losses of approximately RMB 59,286,000 (2014: RMB 41,927,000) that are available for offset against future taxable profits of the PRC subsidiaries, for which no deferred tax asset is recognised due to uncertainty of its recoverability. Deferred tax asset is recognised on unutilised tax loss to the extent of taxable temporary differences relating to the same taxation authority and the same subsidiary, which will result in taxable amounts against which the unused tax losses can be utilised before they expire.

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

	Group			
	2015		2014	
	RMB'000	Expiring on	RMB'000	Expiring on
Tax losses arising from financial year of:				
2010	–*	–*	124	2015
2011	162	2016	162	2016
2012	1,317	2017	1,317	2017
2013	23,123	2018	23,123	2018
2014	14,563	2019	17,201	2019
2015	20,121	2020	–	–
	59,286		41,927	

* Expired during the current financial year.

Unrecognised temporary differences

The Group has temporary difference of approximately RMB 13,033,000 (2014: RMB 6,582,000), which relates to impairment losses on completed properties (Note 12), for which no deferred tax asset is recognised because it is uncertain whether future taxable profit will be available against which this deductible temporary differences can be utilised.

Unrecognised temporary differences relating to investments in subsidiaries

Under the Law of the PRC on Corporate Income Tax, withholding tax of 10% is imposed on dividends to be declared in respect of profits earned by subsidiaries domiciled in PRC from 1 January 2008 onwards.

During the previous financial year, a full reversal of deferred tax liabilities on undistributed profits amounting to RMB 8.3 million was made as the distribution of the profit from the PRC subsidiaries were no longer applicable due to Proposed Disposal. There is also no income tax consequence of the Proposed Disposal as any gain on disposal is to be accrued to a subsidiary incorporated in Cayman Islands which is not subject to Capital Gains Tax.

For the current financial year, the Proposed Disposal was still in progress albeit not considered to be highly probable to be completed within the next 12 months. Management has also assessed that even without considering the plan to dispose, the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. As such, no deferred tax liability is recognised on undistributed profits of subsidiaries as at 31 December 2015. There are no significant undistributed profits of the Group's interest in joint ventures.

Total undistributed profits of the PRC subsidiaries subject to the withholding tax for which no deferred tax liability has been recognised amounted to to RMB 83,112,000 (2014: RMB 83,203,000). The deferred tax liability is estimated to be RMB 8,311,000 (2014: RMB 8,320,000).

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

23. ISSUED CAPITAL

As announced by the Company on 21 September 2015, the Company completed a share consolidation of every 8 existing issued ordinary shares of S$ 0.001 each into 1 consolidated ordinary share of S$0.008 each in the share capital of the Company (including treasury shares) ("the Share Consolidation"). As at 31 December 2015, following the completion of the Share Consolidation, the Company has consolidated 1,173,600,000 or RMB 5,897,000 of issued and paid-up share capital (including 92,000 treasury shares) into 146,700,000 or RMB 5,897,000 consolidated shares (including 11,500 treasury shares). The Share Consolidation has no impact on the dollar value of the issued and paid-up share capital of the Company.

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

All ordinary shares carry one vote per share without restrictions.

	Group and Company			
	2015		2014	
	Number of ordinary shares	S$'000	Number of ordinary shares	S$'000
Authorised shares at beginning of the year	500,000,000,000	500,000	500,000,000,000	500,000
Reduction of number of ordinary shares due to share consolidation	(437,500,000,000)	–	–	–
Authorised shares at end of the year	62,500,000,000	500,000	500,000,000,000	500,000

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

	Group and Company			
	2015		2014	
	Number of ordinary shares	RMB'000	Number of ordinary shares	RMB'000
Issued and paid-up shares at the beginning of the year	1,173,600,000[(i)]	5,897	1,173,600,000[(i)]	5,897
Reduction of number of ordinary shares due to share consolidation	(1,026,900,000)	–	–	–
At the end of the year	146,700,000[(ii)]	5,897	1,173,600,000[(i)]	5,897

Note:

(i) Inclusive of 92,000 treasury shares (Note 25)

(ii) Inclusive of 11,500 treasury shares after share consolidation (Note 25)

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

24. SHARE PREMIUM

	Group and Company	
	2015	2014
	RMB'000	RMB'000
At the beginning and end of the year [(i) (ii) (iii)]	224,594	224,594

Notes:

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

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

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

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

25. TREASURY SHARES

	Group and Company			
	2015		2014	
	Number of ordinary shares	RMB'000	Number of ordinary shares	RMB'000
At the beginning of the year	92,000	18	92,000	18
Reduction of number of ordinary shares due to share consolidation (Note 23)	(80,500)	–	–	–
At the end of the year	11,500	18	92,000	18

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

26. DISTRIBUTABLE RESERVE

	Group and Company	
	2015	2014
	RMB'000	RMB'000
At the beginning of the year	267,600	362,461
Dividends (Note 34)	–	(94,861)
At the end of the year	267,600	267,600

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

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

27. REVENUE

	Group	
	2015 RMB'000	2014 RMB'000
Sales of completed properties	17,138	34,075

28. OTHER INCOME

	Group	
	2015 RMB'000	2014 RMB'000
Fair value gain on financial assets at fair value through profit or loss – derivative financial instruments (Note 11)	3,606	–
Fair value gain on financial assets designated at fair value through profit or loss	–	4,127
Foreign currency exchange gain, net	6,249	–
Reversal of allowance on impairment on other receivables (Note 13)	15,030	–
Others	7	–
	24,892	4,127

29. OTHER EXPENSES

	Group	
	2015 RMB'000	2014 RMB'000
Loss on disposal of property, plant and equipment	–	31
Property, plant and equipment written off	–	126
Foreign currency exchange loss, net	–	408
Bad debts – Other receivables	–	84
Impairment loss on investment in joint ventures (Note 9)	16,016	66,899
Impairment loss on completed properties for sale (Note 12)	6,451	2,559
Impairment loss on amount due from joint ventures (Note 16 (a))	5,620	–
	28,087	70,107

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

30. FINANCE INCOME

	Group	
	2015	2014
	RMB'000	RMB'000
Interest income – bank balance and structured deposit	1,415	4,352
Accretion interest income on other investment (Note 10)	548	–
Interest income – treasury bond	–	1,106
Others	–	280
	1,963	5,738

31. LOSS BEFORE TAX

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

	Group	
	2015	2014
	RMB'000	RMB'000
Directors' remuneration and fees:		
- Paid to directors of the Company	3,912	4,058
Staff costs (including Directors' remuneration and fees)		
- Short-term benefits	15,080	14,287
- Post-employment benefits : defined contribution	905	1,005
Audit fees:		
- Paid to auditors of the company	1,038	1,268
Other auditors fees	13	51
Depreciation of property, plant and equipment (Note 6)	2,567	1,849
Entertainment expenses	5,203	5,834
Legal and professional fees	6,539	23,588
Operating lease expenses	5,468	5,550
Cost of completed properties for sale recognised as cost of sales	13,242	28,669
Amortisation of land use rights (Note 7)	2	2
Loss on disposal of property, plant and equipment	–	31
Property, plant and equipment written off	–	126
Fair value gain on financial assets at fair value through profit or loss	–	(4,127)
Fair value gain on derivative financial instruments (Note 11)	(3,606)	–
Foreign exchange (gain) / loss, net	(6,249)	408
Accretion interest income on other investment (Note 10)	(548)	–
Reversal of allowance on impairment other receivables (Note 13 (i))	(15,030)	–
Impairment loss on investment in joint ventures (Note 9)	16,016	66,899
Impairment loss on completed properties for sale (Note 12)	6,451	2,559
Impairment loss on amount due from joint ventures (Note 16 (a))	5,620	–

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

32. TAX EXPENSE / (CREDIT)

	Group	
	2015 RMB'000	2014 RMB'000 (Restated)
Deferred tax credit (Note 22)		
- Original and reversal of temporary differences	–	(8,331)
Corporate income tax (i)		
- Current year	(418)	(615)
- Under provision in prior year	–	4
Land appreciation tax (ii)		
- Current year	507	795
Current tax expense	89	184
Tax expense / (credit)	89	(8,147)

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% (2014: 25%) of their assessable profits. The Singapore subsidiary are subject to an applicable tax rate of 17% (2014: 17%). The Company and certain subsidiaries operate from a tax free jurisdictions.

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

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

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

32. TAX EXPENSE / (CREDIT) (Continued)

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

	Group	
	2015 RMB'000	2014 RMB'000 (Restated)
Loss before tax	(42,924)	(120,875)
Taxation at the PRC corporate income tax rate of 25% (2014: 25%)	(10,731)	(30,219)
Effect of different tax rates in other countries or in tax-free jurisdiction	5,584	24,224
Effect of land appreciation tax	380	596
Effect of expenses not deductible for tax purpose	2,726	1,133
Effect of income not taxable for tax purpose	(3,854)	–
Effect of deferred tax on undistributed profit of PRC subsidiaries	–	(8,331)
Deferred tax assets not recognised	5,984	5,144
Utilisation of previously unrecognised unutilised tax losses	–	(698)
Under provision for income tax	–	4
Tax expense / (credit) for the year	89	(8,147)

33. LOSS PER SHARE

	2015	2014 (Restated)
Loss attributable to equity holders of the Company (RMB'000)	(43,013)	(112,728)
Weighted average number of ordinary shares outstanding (excluding treasury shares) for basic loss per shares ('000)		
- Issued ordinary shares at 1 January ('000)	1,173,508	1,173,508
- Effect of share consolidation (i) ('000)	(1,026,819)	(1,026,819)
	146,689	146,689
Basic and diluted loss per share (ii)		
- RMB cents	(29.32)	(76.85)
- SGD cents (iii)	(6.46)	(15.88)

Notes:

(i) As disclosed in Note 23, during the year, the ordinary share capital was consolidated on 8:1 basis (including 11,500 treasury shares), therefore, it has led to the number of share in issue being reduced by a factor of 8. The comparative basic and diluted per share have been represented as if the share consolidation has taken place at the beginning of the comparative period.

(ii) The Company has no dilutive potential ordinary shares for the financial year ended 31 December 2015 and 2014 and there was no ordinary share that may be issued upon the exercise of any share option outstanding as at 31 December 2015 (31 December 2014: Nil).

(iii) Calculated based on average exchange rate of S$1: RMB 4.54 (2014: RMB 4.84).

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

34. DIVIDENDS

The following dividends were declared and paid by the Company:

	Company	
	2015	2014
	RMB'000	RMB'000
Declared and paid by Company to owners of the Company:		
Dividends on ordinary shares:		
- Interim special dividend in respect of financial year 2014 of SGD 1.7 cents	–	94,861

35. CONTINGENT LIABILITIES AND COMMITMENTS

(i) Financial guarantees

The Group entered into guarantees in favour of its banks to secure their grants of loans to certain buyers of the Group's properties. As at 31 December 2015, the notional amount of the guarantees amounted to approximately RMB 47,034,000 (2014: RMB 161,551,000).

The Group arranges with various domestic banks in the PRC to provide loans and mortgage facilities to the properties' purchasers prior to completion. In line with some consumer banking practices in the PRC, these banks require the Group to provide guarantees in respect of these loans including the principal, interest and other incidental costs, should the purchasers defaulted their mortgage obligations. The Group provides guarantees on the condition that the purchasers pay a down payment of between 30% to 50% of the purchase price. In the event that the purchasers default in the repayment of the loan to the banks and the proceeds of the disposal of the properties is inadequate to repay the mortgage loan, the Group is required to reimburse the banks for such shortfall. These guarantees provided by the Group to the banks would be released upon the banks receiving the building ownership certificates of the properties as a pledge for security to the mortgage loans granted expected to be around 1 to 2 years. The Group has pledged the bank balances at amount of RMB 7,308,000 (2014: RMB 8,740,000) to secure their grants of mortgage loans to the purchasers of the Group's properties (Note 19). No adjustment to the consolidated financial statements was required to recognise the financial guarantee liability as the fair value of the financial guarantees was not expected to be material.

(ii) Non-cancellable operating lease commitments

The Group as lessee:

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

	Group	
	2015	2014
	RMB'000	RMB'000
Future minimum lease payments		
- not later than 1 year	3,544	6,788
- later than 1 year and not later than 5 years	11,464	14,822
- later than 5 years	2,941	6,645
	17,949	28,255

36. ARBITRATION PROCEEDINGS

In 2009, the Group has initiated an arbitration proceeding with a third party in relation to one of its development project in 2008. The Group seeks to recover its prepaid construction cost amounting to RMB 5,000,000 (Note 13) upon the termination of the project which is included in the balance of prepayments and other receivables as at 31 December 2012. Also included in the consolidated statement of financial position was an amount owing to the same third party relating to their portion of the invested capital in a joint venture company previously set up and subsequently dissolved, amounting to RMB 2,411,000 (2014: RMB 2,411,000). An arbitration award was obtained on September 2010 in favour of the Group, such that the Group will be compensated accordingly for the construction cost prepaid, with interest. However, the Group encountered difficulties and delay in the proceedings in auctioning off the properties of the third party. As a result, an impairment loss of RMB 2,589,000 has been recognised in 2012 due to the uncertainty of the recoverability of the prepaid construction costs, net of the amounts owing to the counter party.

37. SEGMENT INFORMATION

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

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

Principal activities are as follows:

(i) Commercial and residential property development

Development of commercial and residential properties for sale.

(ii) Investment in mining

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

(iii) Other operation includes the following businesses

(a) Investment holding activities including corporate functions and corporate restructuring.

(b) Treasury investment activities and unallocated sub-group corporate functions.

In the previous financial year, the commercial and residential property development and treasury investment activities and unallocated sub-group corporate functions were grouped under "Discontinued operation". However, as disclosed in Note 39, the proposed disposal is not considered to fulfil the criteria of "held for sale", and hence these operations are reclassified and included in income from continuing operations for all periods presented. The comparative information presented has been restated to reflect this change during the financial year.

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

37. SEGMENT INFORMATION (Continued)

(i) Segment revenues and results

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

Group	Mining RMB '000	Commercial and residential property development RMB '000	Other operation RMB '000	Total RMB '000
2015				
Segment revenue from external customers	–	17,138	–	17,138
Segment (loss) / profit, representing (loss) / profit before tax	(22,120)	7,414	(28,218)	(42,924)
Tax expenses				(89)
Loss for the year				(43,013)

Group	Mining RMB '000	Commercial and residential property development RMB '000	Other operation RMB '000	Total RMB '000
2014 (Restated)				
Segment revenue from external customers	–	34,075	–	34,075
Segment loss, representing loss before tax	(67,500)	(4,225)	(49,150)	(120,875)
Tax credit				8,147
Loss for the year				(112,728)

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

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

37. SEGMENT INFORMATION (Continued)

(ii) Segment assets and liabilities

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

Group	Mining RMB '000	Commercial and residential property development RMB '000	Other operation RMB '000	Total RMB '000
2015				
Segment assets	3,016	86,451	129,052	218,519
Consolidated segment assets				218,519
Segment liabilities	(1,977)	(88,808)	(11,414)	(102,199)
Consolidated segment liabilities				(102,199)

Group	Mining RMB '000	Commercial and residential property development RMB '000	Other operation RMB '000	Total RMB '000
2014 (Restated)				
Segment assets	23,261	95,502	175,293	294,056
Consolidated segment assets				294,056
Segment liabilities	(2,568)	(90,156)	(41,999)	(134,723)
Consolidated segment liabilities				(134,723)

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

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

37. SEGMENT INFORMATION (Continued)

(iii) Other segment information

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

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

37. SEGMENT INFORMATION (Continued)

(iii) Other segment information (Continued)

	Mining RMB'000	Commercial and residential property development RMB'000	Other operation RMB'000	Total RMB'000
2014 (Restated)				
Amounts included in the measure of segment assets:				
Additions to property, plant and equipment	–	22	4,686	4,708
Investment in joint ventures	16,500	–	–	16,500
Amounts included in the measure of segment loss:				
Depreciation of property, plant and equipment	–	122	1,727	1,849
Impairment loss on completed properties for sale	–	2,559	–	2,559
Interest income	–	(54)	(5,404)	(5,458)
Impairment loss on investment in joint ventures	66,899	–	–	66,899
Share of losses of joint ventures by the equity method	601	–	–	601
Bad debts – Other receivables	–	–	84	84
Fair value gain on financial assets at fair value through profit or loss	–	–	(4,101)	(4,101)
Gain on disposal of financial assets at fair value through profit or loss	–	–	(26)	(26)
Property, plant and equipment written off	–	62	64	126
Loss on disposal of property, plant and equipment	–	–	31	31
Interest income	–	(54)	(5,404)	(5,458)

(iv) Information about geographical areas

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

38. SIGNIFICANT EVENTS DURING THE YEAR

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

a) a tantalum-niobium mine in Nigeria;

b) a tin-copper mine in Tajikistan;

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

d) two iron ore mines in Xinjiang, the PRC

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

On 31 December 2014, the Company has entered into an amended and restated conditional sale and purchase agreement (Amended SPA) with the Original Vendors and the New Vendors (as defined below in part (a) or collectively refer as the "Vendors") to amend and restate the certain terms of the Sale and Purchase Agreement and to supercede and replace the Sale and Purchase Agreement.

The major changes in the Amended SPA are:

a) *Changes in the Target Company's shareholdings*

Two new shareholders, China Shoushan Wealth Management Group Co., Limited and Violet Enterprises (Canada) Inc., have expressed their interest to invest in the Target Group (the "New Vendors").

b) *Exclusion of the Existing Iron Ore Interests from the Original Disposal Group*

The parties entered into the Amended SPA have agreed to exclude the Existing Iron Ore Interests from the Proposed Disposal Group. Accordingly, the Existing Iron Ore Interests will remain as part of the enlarged group upon completion of the Proposed Acquisition and classified as part of the continuing operations in the statement of financial position as at 31 December 2015.

Consequently, the Company has, on 14 January 2015, entered into an instrument of share transfer pursuant to which Nice Rhythms Limited ("Nice Rhythms") (a wholly-owned subsidiary of the Company) acquired of equity interest of Tian Cheng from Elegant Jade with effect from 31 December 2014 and with a purchase consideration of RMB 74,613,000.

38. SIGNIFICANT EVENTS DURING THE YEAR (Continued)

c) *Inclusion of the Botswana Projects in the Target Company*

The Original Vendors have agreed to enlarge the Target Group to include 100% of the equity interest of Yukuang Botswana Limited (豫矿博茨瓦纳有限公司) ("Yukuang Botswana"), a company incorporated in the British Virgin Islands, which in turn holds 100% of the equity interest of Centre's Alliance Mines (Proprietary) Limited ("Centre's Alliance"), a company incorporated in Botswana.

Following the completion of the restructuring exercise to be undertaken by the Vendors in connection with the Proposed Acquisition, the Target Group will have interests, including exploration and/or mining permits/licences/concessions, in the following mines:

(i) a columbite mine in Nigeria

(ii) a tin-copper mine in Tajikistan

(iii) an iron ore and minganese mine in South Australia

(iv) two iron ore mines in Xinjiang, the PRC

(v) two coal and coalbed methane mines in Botswana, Southern Africa

d) Amendments to the Original Purchase Consideration, Issue Price, number of Consideration Shares and the Original Disposal Consideration

The original purchase consideration was S$1,001,447,532, with a disposal consideration of S$73,413,649 and consideration shares of S$928,033,883 by issuance of 10,311,487,594 shares at the issue price of S$0.09 per share.

Pursuant to the Amended SPA, the Purchase Consideration was reduced to S$914,595,000, that will be partially satisfied by the Proposed Disposal of S$40,970,000 (the "Disposal Consideration") and remaining S$873,625,000 payable to the Vendors by issuance of 10,277,941,176 shares at the issue price of S$0.085 per share.

The Company has, in consultation with the Vendors concerned, appointed various professional parties in assisting it with the reverse take-over exercise ("RTO").

The completion of the Amended SPA is subject to, amongst others, the fulfillment of following major conditions precedents:

(a) The approval of the shareholders of the Company for the Disposal at the extraordinary general meeting ("Purchaser EGM");

(b) The approval of the Independent Purchaser Shareholders being obtained at the Purchaser's EGM for the Whitewash Resolution;

(c) The approval of the Singapore Exchange Securities Trading Limited ("SGX-ST") for the Proposed Acquisition and the Proposed Disposal;

(d) The Securities Industry Council of Singapore ('SIC") having granted CGE and parties acting in consent with it a waiver (such waiver not having been revoked or withdrawn as at the Completion Date) of their obligation to make a mandatory offer under Rule 14 of the Code for the Company's Shares not owned or controlled by them and from having to comply with the requirements of Rule 14 of the Code upon completion and the issue and allotment of the Consideration Shares, subject to the passing of a Whitewash Resolution and if such waiver is subject to any condition or restriction imposed by the SIC, such condition and/or restriction being reasonably acceptable to the Company;

38. SIGNIFICANT EVENTS DURING THE YEAR (Continued)

(e) The Company lodges the relevant notification in respect of the Proposed Acquisition and the Proposed Disposal to the Foreign Investment Review Board of Australia ("FIRB"); and

(f) the purchase and transfer of the Sale Shares and the Disposed Shares upon the terms and conditions of this Agreement not being prohibited or restricted by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated by any legislative, executive or regulatory body or authority of Singapore, the British Virgin Islands, Botswana, the Cayman Islands, Hong Kong, the PRC, Australia, Republic of Tajikistan and Nigeria.

In the event that any of the conditions above is not fulfilled on or before 30 June 2015 **(Long Stop Date)**, or such other date as the Parties may mutually agree in writing, the Amended SPA shall lapse and cease to have further effect and all obligations and liabilities of the Company and the Vendors.

The Company has, on 30 June 2015, entered into a supplemental letter with the Vendors. The Company and the Vendors have agreed to extend the long-stop date from 30 June 2015 to 30 June 2016 or such other date as the parties may mutually agree in writing for the fulfillment of the conditions precedent in the Amended SPA.

As at the date of this report, the Proposed RTO has yet to be completed due to internal restructuring by China Minerals Energy Limited that resulted the parties to the Proposed RTO requiring further time to work out possible revised terms, which may include, but not limited to, the portfolio of the exploration and mining projects that will form part of the group of companies to be acquired by the Company pursuant to the Proposed RTO. As such, the Company has ceased to classify the Proposed Disposal as held for sale as disclosed in Note 39(b).

39. PRIOR YEAR ADJUSTMENT AND COMPARATIVES

Restatements have been made to the prior years' financial statements as a result of the following:

(a) During the financial year, the Company discovered an inadvertent error in relation to the previous financial year. The error was resulting from not expensing off interest expense of RMB 10,430,000 capitalised as part of cost of completed properties sale which has been disposed off in 2013. As this represents a material prior period error, correction has been made in the current financial year as a "prior year adjustment" by restating the comparative figures, as required by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amount of the corrections for each affected financial statements line item for the financial year ended 31 December 2014 has been disclosed in this Note. There was no impact on the financial statement prior to 1 January 2013. The restatement has no impact on the financial statements of the Company for the financial year ended 31 December 2014 and 2013.

(b) In prior financial year, the Company has classified Proposed Disposal Group as held for sale and discontinued operations, in accordance with IFRS 5, Non-current Assets for Sale and Discontinued Operations.

In current financial year, the Company has ceased to classify the Proposed Disposal as held for sale as the management is of the view that, as at reporting date, the criteria under IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations for classification as Disposal Group Held For Sale are no longer met, on the ground that the Proposed Disposal is delayed as parties to the Proposed RTO requiring further time to work out possible revised terms as entailing in Note 38.

As a result, the Group has ceased to classify and present the assets, liabilities and the results pertaining to the Proposed Disposal separately from other assets, liabilities and other results in consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income for the financial year 2015. Accordingly, the Group's comparative consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income have been represented as if the Proposed Disposal Group had not been classified as disposal group held for sale as at the end of the previous financial year and the relevant operations were not classified as discontinued operations for the comparative period.

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

39. PRIOR YEAR ADJUSTMENT AND COMPARATIVES (Continued)

Group 2013	As previously reported	Adjustments (a)	As restated
	RMB '000	RMB '000	RMB '000
<u>Statement of financial position</u>			
Current assets			
Completed properties for sale	*120,709*	*(10,435)*	*110,274*
Equity			
Accumulated losses	*(264,608)*	*(10,435)*	*(275,043)*

Group 2014	As previously reported	Reclassification (b)	Adjustments (a)	As restated
	RMB '000	RMB '000	RMB '000	RMB '000
<u>Statement of financial position</u>				
Non-current assets				
Property, plant and equipment	1,564	7,056	–	8,620
Land use right	–	56	–	56
Current assets				
Completed properties for sale	–	89,481	(10,435)	79,046
Other receivables, deposits and prepayments	575	10,914	–	11,489
Amounts due from joint ventures (non-trade)	–	6,761	–	6,761
Tax recoverable	–	69	–	69
Pledged bank deposits	–	8,740	–	8,740
Cash and cash equivalents	2,337	159,997	–	162,334
Assets of the Proposed Disposal Group classified as held for sale	283,074	(283,074)	–	–
Current liabilities				
Trade payables	–	7,845	–	7,845
Sales and rental deposits	–	41,173	–	41,173
Accruals and other payables	4,363	10,792	–	15,155
Amounts due to joint ventures (non-trade)	–	2,557	–	2,557
Amounts due to joint ventures partner (non-trade)	–	11	–	11
Income tax payables	–	40,768	–	40,768
Liabilities of the Proposed Disposal Group classified as held for sale	103,146	(103,146)	–	–
Equity				
Accumulated losses	(377,336)	–	(10,435)	(387,771)

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

39. PRIOR YEAR ADJUSTMENT AND COMPARATIVES (Continued)

Group 2014	As previously reported RMB '000	Reclassification (b) RMB '000	As restated RMB '000
<u>Statement of profit or loss and other comprehensive income</u>			
Revenue	–	34,075	34,075
Cost of sales	–	(28,669)	(28,669)
Impairment loss on joint ventures	(66,899)	66,899	–
Selling and distribution expenses	–	(3,132)	(3,132)
General and administrative expenses	(30,939)	(31,367)	(62,306)
Other income	–	4,127	4,127
Other expenses	(1,064)	(69,043)	(70,107)
Finance income	1	5,737	5,738
Tax credit	–	8,147	8,147
Loss from discontinued operations (net of tax)	(13,226)	13,226	–

Company 2014	As previously reported RMB '000	Reclassification (b) RMB '000	As restated RMB '000
<u>Statement of financial position</u>			
Non-current assets			
Subsidiaries	16,500	190,101	206,601
Assets of the Proposed Disposal Group classified as held for sale	190,101	(190,101)	–

At as at 31 December 2015

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

DISTRIBUTION OF SHAREHOLDINGS AS AT 17 MARCH 2016

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	11	0.72	432	0.00
100 - 1,000	372	24.31	175,100	0.12
1,001 - 10,000	840	54.90	2,915,599	1.99
10,001 - 1,000,000	296	19.35	12,214,766	8.33
1,000,001 and above	11	0.72	131,382,603	89.56
Total	**1,530**	**100.00**	**146,688,500**	**100.00**

LIST OF 20 LARGEST SHAREHOLDERS AS AT 17 MARCH 2016

NO.	NAME	NO OF SHARES	PERCENTAGE (%)
1	MAYBANK KIM ENG SECS PTE LTD	44,798,100	30.54
2	GLOSSMEI LIMITED	18,250,000	12.44
3	GUO YINGHUI	17,985,000	12.26
4	KGI FRASER SECURITIES PTE LTD	14,560,005	9.93
5	PHILLIP SECURITIES PTE LTD	11,351,324	7.74
6	HSBC (SINGAPORE) NOMS PTE LTD	9,494,650	6.47
7	UOB KAY HIAN PTE LTD	6,202,875	4.23
8	DBS VICKERS SECS (S) PTE LTD	3,284,387	2.24
9	RAFFLES NOMINEES (PTE) LTD	2,120,562	1.45
10	WANG HAIYAN	1,763,250	1.20
11	OCBC SECURITIES PRIVATE LTD	1,572,450	1.07
12	BANK OF S'PORE NOMS PTE LTD	744,250	0.51
13	LI SHI	525,012	0.36
14	TEE WEE SIEN (ZHENG WEIXIAN)	492,875	0.34
15	CITIBANK NOMS S'PORE PTE LTD	482,275	0.33
16	DB NOMINEES (S) PTE LTD	462,500	0.32
17	CHAN HOCK LYE	275,375	0.19
18	TENG BENG CHYE	255,875	0.17
19	ANG KIM CHUAN	250,000	0.16
20	YAP THIAM JOO	244,000	0.16
	TOTAL	**135,114,765**	**92.11**

SUBSTANTIAL SHAREHOLDERS AS AT 17 MARCH 2016

	Number of Shares fully paid			
Name of Substantial Shareholders	**Direct Interest**	**%[1]**	**Deemed Interest**	**%[1]**
Mr Guo Yinghui	17,985,000	12.26	32,240,000[2]	21.98
Glossmei Limited	18,250,000	12.44	0	0.00
China Focus International Limited [3]	17,680,000	12.05	0	0.00
Han Yong [4]	18,200,000	12.41	0	0.00
Feng Li	14,560,000	9.93	35,665,000[5]	24.31

Notes:

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

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

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

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

(5) Mdm Feng Li's shares are registered in the name of KGI Fraser Securities Pte Ltd and she is deemed to be interested in the 17,985,000 shares held by her spouse, Mr Guo Yinghui and the 17,680,000 shares held by China Focus International Limited.

PUBLIC FLOAT

Based on information available to the Company as at 17 March 2016, approximately 40.91% 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 Eleventh Annual General Meeting of China Mining International Limited will be held at Village Hotel Changi, Cube 1 room, 1 Netheravon Road, Singapore 508502 on Tuesday, 26 April 2016 at 4.00 p.m., to transact the following business:

Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Directors' Statement and Report of the Auditors thereon. **(Resolution 1)**

2. To approve payment of Directors' Fee of S$200,000 (2015: S$200,000) for the year ending 31 December 2016. **(Resolution 2)**

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

   Mr Li Bin **(Resolution 3)**
   Mr Guo Yinghui **(Resolution 4)**
   Mr Ning Jincheng **(Resolution 5)**
   Mr Chan Siew Wei **(Resolution 6)**

   Mr Ning Jincheng will upon re-election, remain as the member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). He will continue as a Chairman of Nominating Committee and a member of Remuneration Committee.

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

4. To re-elect Mr Wang Fumin, a Director retiring under Articles 85(6) of the Articles of Association of the Company. **(Resolution 7)**

5. To re-appoint Crowe Horwath First Trust LLP as Auditors of the Company and to authorize the Directors to re-negotiate and agree on their remuneration. **(Resolution 8)**

As Special Business

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

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

   "That pursuant to the listing rules of the SGX-ST, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

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

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

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

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

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

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

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

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

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 9)**
(See Explanatory Note 1)

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

"That:

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

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

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

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

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

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

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

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

(c) in this Resolution:

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

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

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

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

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

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

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

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

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

(Resolution 10)
(See Explanatory Note 2)

Any Other Business

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

By Order of the Board

Foo Soon Soo
Yeo Tze Khern
Joint Company Secretaries

11 April 2016

Explanatory Notes: -

1. Resolution 9, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares excluding treasury shares of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed twenty per cent (20%) of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. The total number of issued shares excluding treasury shares of the Company for this purpose shall be the total number of issued shares excluding treasury shares at the time of this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting of the Company.

2. Resolution 10 if passed, will renew the Share Buyback Mandate and will authorise the Directors to purchase or otherwise acquire Shares on the terms and subject to the conditions of the Resolution. The rationale for, the authority and limitation on, the sources of funds to be used and the illustrative financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate based on the audited accounts of the Company and the Group for the financial year ended 31 December 2015 and certain assumptions are set out in greater detail in the Appendix enclosed together with the Annual Report.

Notes:-

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

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

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

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

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

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

中矿国际有限公司
CHINA MINING INTERNATIONAL LIMITED