



CHINA MINING INTERNATIONAL LIMITED

中矿国际有限公司

Registered in Cayman Islands

Company Registration No. CT-140095

UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 (“Q3 2019”) IN RESPECT OF THE FINANCIAL YEAR ENDING 31 DECEMBER 2019 (“FY2019”)

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding financial period of the immediately preceding financial period

	The Group					
	Q3 2019 RMB'000	Q3 2018 RMB'000	%	9M 2019 RMB'000	9M 2018 RMB'000	%
			Change			Change
Revenue	1,093	2,011		4,868	32,251	(85)
Cost of sales	<u>(1,932)</u>	<u>(1,246)</u>		<u>(4,203)</u>	<u>(15,781)</u>	(73)
Gross profit/(loss)	(839)	765		665	16,470	
Share of losses of joint venture	(20)	(7)	186	(34)	(59)	(42)
Selling and distribution expenses	(12)	(1,342)	(99)	(62)	(4,643)	(99)
General and administrative expenses	(6,382)	(5,251)	22	(15,601)	(13,114)	19
Other income	396	425	(7)	666	1,132	(41)
Other expenses	-	-	-	(13)	(33)	(61)
Finance income/expense	<u>4</u>	<u>(153)</u>	N/M	<u>37</u>	<u>35</u>	6
Loss before tax	(6,853)	(5,563)	23	(14,342)	(211)	N/M
Income tax credit/(expense)	<u>212</u>	<u>201</u>	5	<u>(163)</u>	<u>(3,568)</u>	(95)
Net loss for the period	<u>(6,641)</u>	<u>(5,362)</u>	24	<u>(14,505)</u>	<u>(3,779)</u>	284

“Q3 2018” and “Q3 2019” denotes the third quarter or the three-month period ended 30 September 2018 and 30 September 2019 respectively

“9M 2018” and “9M 2019” denotes the nine-month period ended 30 September 2018 and 30 September 2019 respectively

“% Change” denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure

“N/M” denotes “Not meaningful”

1.(a)(ii) The accompanying notes to the unaudited financial statements form an integral part of the financial statements

	The Group					
	Q3 2019	Q3 2018	%	9M 2019	9M 2018	%
	RMB'000	RMB'000	Change	RMB'000	RMB'000	Change
Loss before tax has been arrived at after charging/(crediting):						
Depreciation of property, plant and equipment	507	500	1	1,598	1,280	25
Foreign currency exchange (gain)/loss	(68)	(53)	28	(34)	(117)	(71)
Amortization of land use rights	1	1	-	2	2	-
(Gain)/loss on disposal of property, plant and equipment	-	-	-	13	26	(50)
Interest income	(4)	153	N/M	(37)	(35)	6

"Q3 2018" and "Q3 2019" denotes the third quarter or the three-month period ended 30 September 2018 and 30 September 2019 respectively

"9M 2018" and "9M 2019" denotes the nine-month period ended 30 September 2018 and 30 September 2019 respectively

"% Change" denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure

"N/M" denotes "Not meaningful"

1.(b)(i) A statements of financial position (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year

Statements of financial position of the Group and the Company as at 31 December 2018 and 30 September 2019

	The Group		The Company	
	30 Sep 2019 RMB'000	31 Dec 2018 RMB'000	30 Sep 2019 RMB'000	31 Dec 2018 RMB'000
Non-current assets				
Property, plant and equipment	3,382	4,364	8	10
Land use rights	45	47	-	-
Investments in subsidiaries	-	-	128,200	128,200
Financial assets, at fair value through other comprehensive income ("FVOCI")	78,108	78,108	78,108	78,108
Deferred tax assets	1,147	1,147	-	-
	82,682	83,666	206,316	206,318
Current assets				
Completed properties for sale	13,199	17,402	-	-
Prepayments and other receivables	12,582	13,031	-	-
Amounts due from subsidiaries (non-trade)	-	-	104	-
Amounts due from related parties (non-trade)	-	-	-	-
Amounts due from joint ventures (non-trade)	2,616	2,645	-	-
Amounts due from joint ventures partner (non-trade)	12,000	-	-	-
Income tax recoverable	69	69	-	-
Pledged bank deposits	1,141	1,857	-	-
Financial assets at fair value through profit or loss ("FVPL")	-	16,200	-	-
Cash and cash equivalents	24,289	25,824	1,590	4,284
	65,896	77,028	1,694	4,284
Current liabilities				
Trade payables	2,577	2,872	-	-
Sales deposits	76	1,973	-	-
Accruals and other payables	20,245	18,107	455	1,134
Amount due to subsidiaries (non-trade)	-	-	125,087	124,065
Amounts due to related parties (non-trade)	-	520	-	520
Amounts due to joint ventures (non-trade)	4,578	1,434	-	-
Amounts due to joint venture partner (non-trade)	11	11	-	-
Income tax payables	37,588	37,768	-	-
	65,075	62,685	125,542	125,719
Net current assets/(liabilities)	821	14,343	(123,848)	(121,435)
Net assets	83,503	98,009	82,468	84,883
Capital and reserves				
Issued capital	5,897	5,897	5,897	5,897
Share premium	224,594	224,594	224,594	224,594
Treasury shares	(18)	(18)	(18)	(18)
Capital reserve	49,031	49,031	-	-
Distributable reserve	267,600	267,600	267,600	267,600
Fair Value reserve	7,677	7,677	7,677	7,677
Accumulated losses	(471,278)	(456,772)	(423,282)	(420,867)
Total equity	83,503	98,009	82,468	84,883

1.(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial period:

There is no borrowing or debt security as at 31 December 2018 and 30 September 2019.

1.(c) A statements of cash flow (for the group), together with a comparative statement for the corresponding financial period of the immediately preceding financial period.

	The Group			
	Q3 2019 RMB'000	Q3 2018 RMB'000	9M 2019 RMB'000	9M 2018 RMB'000
OPERATING ACTIVITIES				
Loss before tax	(6,853)	(5,562)	(14,342)	(211)
Adjustments for:				
Depreciation of property, plant and equipment	507	500	1,598	1,280
Foreign currency exchange loss/(gain)	(68)	(53)	(34)	(117)
Amortization of land use rights	1	1	2	2
Loss on disposal of property, plant and equipment	-	-	13	26
Share of loss of joint ventures	20	47	34	73
Interest income	(4)	(153)	(37)	35
Bad debts written off	-	-	-	-
Operating cash flows before movements in working capital	(6,397)	(5,221)	(12,766)	1,088
Completed properties for sale	1,932	1,245	4,203	15,781
Prepayments and other receivables	(162)	678	449	(2,104)
Trade payables	(192)	(1,952)	(295)	(4,419)
Sales and rental deposits	(76)	2,047	(1,897)	(10,573)
Increase in pledged bank deposits	(3)	1,641	716	3,323
Accruals and other payables	1,129	9,224	2,170	8,855
Cash generated from/(used in) operations	(3,769)	7,662	(7,940)	11,951
Income tax paid	-	(3,318)	(343)	(3,596)
NET CASH GENERATED FROM/(USED IN)				
OPERATING ACTIVITIES	(3,769)	4,344	(8,283)	8,355
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(630)	-	(630)	(2,395)
Proceeds from disposal of property, plant and equipment	-	-	2	-
Amount advances to Joint Venture companies	(1)	519	3,139	(872)
Amount advance to Joint Ventures partner (non-trade)	(12,000)	-	(12,000)	-
Investment in structural deposits	18,000	600	16,200	9,950
Interest received	4	153	37	(35)
NET CASH USED IN INVESTING ACTIVITIES	5,373	1,272	6,748	6,648
FINANCING ACTIVITIES				
Amount (repaid to)/received from related parties	-	-	-	-
NET CASH USED IN FINANCING ACTIVITIES	-	-	-	-
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,604	5,616	(1,535)	15,003
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	22,685	25,062	25,824	15,675
CASH AND CASH EQUIVALENTS AT END OF PERIOD	24,289	30,678	24,289	30,678

1.(d) A statements of comprehensive income (for the issuer and group), together with a comparative statement for the corresponding financial period of the immediately preceding financial period.

Unaudited consolidated statements of comprehensive income of the Group and the Company for the financial period ended 30 September 2018 and 30 September 2019

Total comprehensive (expense)/income for the period attributable to:

	The Group			
	Q3 2019	Q3 2018	9M 2019	9M 2018
	RMB'000	RMB'000	RMB'000	RMB'000
Loss for the period	(6,641)	(5,362)	(14,505)	(3,779)
Other comprehensive expense for the period	-	-	-	-
Total comprehensive expense for the period	(6,641)	(5,362)	(14,505)	(3,779)

	The Group			
	Q3 2019	Q3 2018	9M 2019	9M 2018
	RMB'000	RMB'000	RMB'000	RMB'000
Owners of the Company	(6,641)	(5,362)	(14,505)	(3,779)
Minority interests	-	-	-	-
Total comprehensive expense for the period	(6,641)	(5,362)	(14,505)	(3,779)

Total comprehensive expense for the period attributable to:

	The Company			
	Q3 2019	Q3 2018	9M 2019	9M 2018
	RMB'000	RMB'000	RMB'000	RMB'000
Loss for the period	(972)	(1,302)	(2,414)	(2,953)
Other comprehensive expense for the period	-	-	-	-
Total comprehensive expense for the period	(972)	(1,302)	(2,414)	(2,953)

	The Company			
	Q3 2019	Q3 2018	9M 2019	9M 2018
	RMB'000	RMB'000	RMB'000	RMB'000
Owners of the Company	(972)	(1,302)	(2,414)	(2,953)
Minority interests	-	-	-	-
Total comprehensive expense for the period	(972)	(1,302)	(2,414)	(2,953)

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding financial period of the immediately preceding financial period.

Unaudited consolidated statement of changes in equity of the Group for the financial period ended 30 September 2019 and 30 September 2018

	The Group							
	Share capital	Share premium	Capital reserve	Distributable reserve	Fair value reserve	Treasury shares	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 01 Jan 2019	5,897	224,594	49,031	267,600	7,677	(18)	(456,772)	98,009
Total comprehensive loss for the period	-	-	-	-	-	-	(2,690)	(2,690)
Balance as at 31 Mar 2019	5,897	224,594	49,031	267,600	7,677	(18)	(459,462)	95,319
Total comprehensive loss for the period	-	-	-	-	-	-	(5,176)	(5,176)
Balance as at 30 Jun 2019	5,897	224,594	49,031	267,600	7,677	(18)	(464,637)	90,144
Total comprehensive loss for the period	-	-	-	-	-	-	(6,641)	(6,641)
Balance as at 30 Sep 2019	5,897	224,594	49,031	267,600	7,677	(18)	(471,278)	83,503

	The Group							
	Share capital	Share premium	Capital reserve	Distributable reserve	Fair value reserve	Treasury shares	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 01 Jan 2018	5,897	224,594	49,031	267,600	18,591	(18)	(455,854)	109,841
Total comprehensive loss for the period	-	-	-	-	-	-	(764)	(764)
Balance as at 31 Mar 2018	5,897	224,594	49,031	267,600	18,591	(18)	(456,618)	109,077
Total comprehensive profit for the period	-	-	-	-	-	-	2,347	2,347
	5,897	224,594	49,031	267,600	18,591	(18)	(454,271)	111,424
Balance as at 30 Jun 2018	-	-	-	-	-	-	(5,362)	(5,362)
Total comprehensive loss for the period	-	-	-	-	-	-	(5,362)	(5,362)
Balance as at 30 Sep 2018	5,897	224,594	49,031	267,600	18,591	(18)	(459,633)	106,062

	The Company						
	Share capital	Share premium	Distributable reserve	Fair value reserve	Treasury shares	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 01 Jan 2019	5,897	224,594	267,600	7,677	(18)	(420,867)	84,883
Total comprehensive loss for the period	-	-	-	-	-	(680)	(680)
Balance as at 31 Mar 2019	5,897	224,594	267,600	7,677	(18)	(421,547)	84,203
Total comprehensive loss for the period	-	-	-	-	-	(763)	(763)
Balance as at 30 Jun 2019	5,897	224,594	267,600	7,677	(18)	(422,310)	83,440
Total comprehensive loss for the period	-	-	-	-	-	(972)	(972)
Balance as at 30 Sep 2019	5,897	224,594	267,600	7,677	(18)	(423,282)	82,468

	The Company						
	Share capital RMB'000	Share premium RMB'000	Distributable reserve RMB'000	Fair value reserve RMB'000	Treasury shares RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance as at 01 Jan 2018	5,897	224,594	267,600	18,591	(18)	(416,344)	100,320
Total comprehensive loss for the period	-	-	-	-	-	(614)	(614)
Balance as at 31 Mar 2018	5,897	224,594	267,600	18,591	(18)	(416,958)	99,706
Total comprehensive loss for the period	-	-	-	-	-	(1,037)	(1,037)
Balance as at 30 Jun 2018	5,897	224,594	267,600	18,591	(18)	(417,995)	98,669
Total comprehensive loss for the period	-	-	-	-	-	(1,302)	(1,302)
Balance as at 30 Sep 2018	5,897	224,594	267,600	18,591	(18)	(419,297)	97,367

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous year reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding year of the immediately preceding financial year.

Issued capital

There was no movement in the Company's share capital during the financial year ended 31 December 2018 and the financial period ended 30 September 2019.

Employee Share Option Scheme

No share options were issued for the year ended 31 December 2018 and financial period ended 30 September 2019 and there was no ordinary share that may be issued upon the exercise of any share option outstanding as at 31 December 2018 and 30 September 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued ordinary shares as at 30.9.2019 and 31.12.2018 (excluding treasury shares) 146,688,500

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Total number of treasury shares as at 30.9.2019 and 31.12.2018 were 11,500

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

The figures have not been audited or reviewed by the auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.

The same accounting policies and methods of computation adopted by the Group in respect of the audited financial statements for the financial year ended 31 December 2018 have been consistently applied by the Group for the financial period presented.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There are no changes in the accounting policies and methods of computation, including any required by an accounting standard.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding financial period of the immediately preceding financial period, after deducting any provision for preference dividends (a) Based on the weighted average number of ordinary shares on issue; and (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	The Group			
	Q3 2019 RMB'000	Q3 2018 RMB'000	9M 2019 RMB'000	9M 2018 RMB'000
Loss attributable to owners of the Company	(6,641)	(5,362)	(14,505)	(3,779)
Basic (Singapore cents) ⁽¹⁾	(0.89)	(0.73)	(1.97)	(0.51)
Diluted (Singapore cents) ⁽¹⁾	(0.89)	(0.73)	(1.97)	(0.51)

Note:

(1) Calculated based on the average exchange rates S\$1:RMB5.10 for Q3 2019 (S\$1:RMB5.02 for Q3 2018); and S\$1:RMB5.02 for 9M 2019 (S\$1:RMB5.01 for 9M 2018). Based on the issued ordinary shares of 146,688,500 (excluding treasury shares) for Q3 2019 and Q3 2018. The Company has no dilutive potential ordinary shares in Q3 2019 and Q3 2018.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	The Group		The Company	
	30 September 2019 RMB'000	31 December 2018 RMB'000	30 September 2019 RMB'000	31 December 2018 RMB'000
Net asset value (excluding non-controlling interests) as at end of financial period/year	83,503	98,009	82,468	84,883
Net asset value per ordinary share as at the end of financial period/year (Singapore cents) ⁽¹⁾	11.03 cents	13.36 cents	10.90 cents	11.57 cents

Note:

(1) Calculated based on exchange rate of S\$1: RMB5.16 as at 30 September 2019 (as at 31 December 2018: S\$1: RMB5.00) and 146,688,500 ordinary shares (excluding treasury shares) as at 31 December 2018 and 30 September 2019.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(a) Review of consolidated statement of comprehensive income of the Group for Q3 2019 (relative to that for Q3 2018)

Turnover

The overall turnover, generated mainly from the sales of developed properties, decreased from RMB2.0 million in Q3 2018 to RMB1.1 million in Q3 2019 and from RMB32.3 million in 9M 2018 to RMB4.9 million in 9M 2019. The decrease was principally attributed to fewer completed units being handed over to buyers in Q3 2019 (relative to Q3 2018) and in 9M 2019 (relative to 9M 2018) in respect of the Xinxiang Sunny Town Project (新乡阳光新城项目) (the "Project").

With a view to clear the balanced units of the Project, which are located at corners or relatively not so ideal sites of the Project and/or are relatively not so ideal in their laid out (the "Balanced Units"), the Group had in April 2019 entered into a bought deal with an independent third party to offload these Balanced Units at an mutually agreed reduced total price which had been fully paid in cash by the said third party (the "Sale Consideration"); the Sale Consideration was derived based on mutually agreed reduced sale price of each of the Balanced Units (relative to the prevailing market prices) (the "Agreed Unit Sale Price") and sales would be recognised by the Group as and when any of these Balanced Units is sold to an end buyer but only in respect of an amount equivalent to the Agreed Unit Sale Price, regardless of the actual sale price paid by the end buyer for the Balanced Unit concerned (the "Bought Deal Arrangement").

Gross profit

Consequence to the Bought Deal Arrangement, the gross profit of the Group reduced from RMB16.5 million in 9M 2018 to RMB0.7 million in 9M 2019, while registering a gross loss of RMB0.8 million for Q3 2019 against a gross profit of RMB0.7 million in Q3 2018.

Share of losses of joint ventures

The Group's share of loss of joint ventures increased by RMB13,000 from RMB7,000 in Q3 2018 to RMB20,000 in Q3 2019. The decrease was attributed mainly to higher operating expenses incurred by Tian Cheng Holdings Limited (天晟控股有限公司) (the "Joint Venture").

Selling and distribution expenses

Consequence to the Bought Deal Arrangement which led to reduced sales promotion activities for the Project, our selling and distribution expenses reduced to RMB12,000 in Q3 2019 from RMB1.3 million in Q3 2018 and from RMB4.6 million in 9M 2018 to RMB62,000 in 9M 2019.

General and administrative expenses

Our general and administrative expenses increased from RMB5.3 million in Q3 2018 to RMB6.4 million in Q3 2019 and from RMB13.1 million in 9M 2018 to RMB15.6 million in 9M 2019 chiefly as a result of increased rental expense following the leased of additional office space in Q3 2018 as well as increased staff strength and salary adjustments as the Group makes preparation to reorganize its business activities (including but not limited to the Restructuring (as herein after defined)).

Other income

Our other income relates mainly to income derived from short-term financial products investments purchased from local PRC banks. Following the redemption of some of these short-term investments in 2018, our investment income reduced from RMB370,000 in Q3 2018 to RMB328,000 in Q3 2019 and from RMB1 million in 9M 2018 to RMB0.6 million in 9M 2019. The decrease in other income was also attributed partially to the decreased in foreign exchange gain from RMB117,000 in 9M 2018 to RMB34,000 in 9M 2019.

Finance expense

The finance expense of RMB153,000 incurred in Q3 2018 was attributed to a prior period adjustment in respect of certain financial products (as explained previously in our results announcement for Q3 2018).

Loss before tax

Consequence to the above, loss before tax increased from RMB5.6 million in Q3 2018 to RMB6.9 million in Q3 2019.

Income tax refund (expense)

The tax expense has decreased from RMB 3.6 million in 9M 2018 to 9M RMB163,000 in 9M 2019. The decrease was mainly attributed to lesser units sold for the Project in 9M 2019.

Net loss attributable to owners of the Company

Accordingly, the Group recognized a net loss attributable to the owners of the Company of RMB6.6 million in Q3 2019, increased by RMB1.2 million from RMB5.4 million in Q3 2018.

(b) Review of statements of financial position of the Group as at 30 September 2019 (relative to that as at 31 December 2018)

Non-current assets

Our non-current assets decreased by RMB1.0 million from RMB83.7 million as at 31 December 2018 to RMB82.7 million as at 30 September 2019. The overall decrease was due to the depreciation of property, plant and equipment of RMB 1.6 million for 9M 2019, offset by the purchases of furniture and equipment of RMB236,000 and leasehold improvement of RMB395,000 in Q3 2019.

Current assets

The decrease in completed properties for sale by RMB4.2 million was due principally to the delivery of completed units of the Project to the buyers concerned.

The decrease in prepayments and other receivables by RMB449,000 was due principally to the recognition of prepaid office rental (which is to be expensed off as and when the rental is incurred) as well as payments received in respect of some of the other receivables.

The increase in amounts due from joint ventures partner (non-trade) was mainly due to a short term, interest bearing advance granted to Sino-Africa Mining International Limited ("Sino-Africa") for the iron ore mine project located in Thabazimbi ("Iron Ore Project"). The Iron Ore Project is owned by Sino Feng Mining International, which in turn was jointly owned by the Group and Sino-Africa.

The Group had pledged deposits to the state-owned commercial banks in PRC to secure their grants of mortgage loans to the buyers of the Project. The decrease of pledged deposits of RMB716,000 was mainly attributed to the fewer completed units of the Project remaining on hand as at 30 September 2019.

The decrease in financial assets at FVPL was mainly due to the redemption of short-term investment deposits placed with the local PRC banks in 3Q 2019.

Taken as a whole, our current assets decreased by RMB11.1 million from RMB77 million as at 31 December 2018 to RMB65.9 million as at 30 September 2019.

Current liabilities

Our trade payable decreased by RMB295,000 from RMB2.9 million as at 31 December 2018 to RMB2.6 million as at 30 September 2019 due principally to payments made to suppliers and contractors.

The decrease of sales deposits of RMB1.9 million was mainly attributed to fewer completed units of the Project remaining on hand as at 30 September 2019.

The increase in accruals and other payables was attributed principally to the Bought Deal Arrangement. Such other payables will be booked as income as and when the relevant completed unit pursuant to the Bought Deal Arrangement is delivered to the end customer concerned.

The decrease in amounts due to related parties was due to repayment made to interest-free loans previously provided to the Group by a company controlled by a controlling shareholder of the Company.

The amounts due to/from joint ventures concerned the Joint Venture. While the amounts due from the Joint Venture remained at RMB2.6 million as at 30 September 2019, the amount due to the Joint Venture increased by RMB3.1 million from RMB1.4 million as at 31 December 2018 to RMB4.6 million as at 30 September 2019 chiefly as a result of an advance which the Group received from the Joint Venture following the disposal of one of the two mines of the Joint Venture in December 2018 (as announced by the Company on 6 December 2018).

Taken as a whole, our current liabilities increased by RMB2.4 million from RMB62.7million as at 31 December 2018 as compared to RMB65.1 million as at 30 September 2019.

As a result of the above:

- (1) the working capital position of the Group reduced from RMB14.3 million as at 31 December 2018 to RMB0.8 million as at 30 September 2019;
- (2) the net cash flow of the Group used in operations in Q3 2019 is RMB3.8 million, while net cash generated in Q3 2018 is RMB 4.3 million
- (3) the net asset value of the Group decreased from RMB98.0 million as at 31 December 2018 to RMB83.5 million as at 30 September 2019, with the net asset value per ordinary share of the Company decreased from 13.36 Singapore cents per share as at 31 December 2018 to 11.03 Singapore cents per share as at 30 September 2019.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Nil

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting year and the next 12 months.

On 5 June 2019, the Company announced that pursuant to Listing Rule 1311(2) of the Listing Manual of the Singapore Exchange Limited (the "SGX"), the Company has, since 6 June 2019, been placed on the watch-list due to the Minimum Trading Price Entry Criteria of the SGX. The Company must take active steps to meet the requirements of Listing Rule 1314(2) of the SGX within 36 months from 6 June 2019 ("MTP Exit Criteria"), failing which SGX may either delist the Company, or suspend trading of the Company's shares with a view to delisting the Company.

Further to the announcement made by the Company on 1 August 2019 (concerning the possible revisions to the proposed acquisition by the Company of 63.11% of the registered capital of Henan Zhongnong Huasheng Agricultural Science and Technology Co. Ltd. (河南中农华盛农业科技有限公司) from Zhongnong Huasheng (Beijing) Agricultural Development Investment Co., Ltd (中农华盛(北京)农业发展投资有限公司), the Company wishes to update that, while negotiations with various stakeholders are still ongoing to see to how best to structure a deal to accommodate the proposed acquisition with modifications based on certain revised terms and conditions (the "Restructuring"), it is also exploring other possible acquisitions with a view to meet the MTP Exit Criteria. Appropriate announcement will be made by the Company as and when there is any material development concerning any of the aforesaid possible acquisitions.

Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, undue reliance must not be placed on these statements.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No.

(b)(i) Amount per share (cents)

No.

(b)(ii) Previous corresponding period (cents)

No.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

No.

(d) The date the dividend is payable.

No.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

No.

12. If no dividend has been declared / recommended, a statement to that effect.

No dividend has been declared or recommended for Q3 2019 as the Company is currently loss making in this financial year.

13. If the group has obtained general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of the interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	RMB'000	RMB'000
Nil	Nil	Nil

The Company does not have any general mandate from its shareholders concerning interested party transaction.

14. Negative assurance on interim financial statements pursuant to Rule 705(4) of the Listing Manual

To the best of our knowledge and belief, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the nine-month period ended 30 September 2019 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has procured the said undertakings from all its directors and executive officers.

Signed for and on behalf of the Board of Directors

BY ORDER OF THE BOARD

Mr Li Bin
CEO and Director

Ms Dong Lingling
Director

11 November 2019