



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

ANNUAL
REPORT 2020

CONTENTS



02
CHAIRMAN'S
MESSAGE



04
BOARD OF
DIRECTORS



07
KEY
MANAGEMENT



08
GROUP
STRUCTURE



09
CORPORATE
INFORMATION



10
FINANCIAL
CONTENTS

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I hereby present the Annual Report of China Mining International Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2020 ("FY2020").

FINANCIAL REVIEW

For FY2020, the Group recorded a turnover of RMB3.2 million against a gross profit of RMB0.4 million and a pre-tax loss of RMB15.4 million compared to a turnover of RMB5.0 million against a gross profit of RMB 1.4 million and a pre-tax loss of RMB23.3 million attained for the financial year ended 31 December 2019 ("FY2019").

The lower turnover attained in FY2020 (relative to FY2019) was attributed mainly to fewer completed units being handed over to buyers in FY2020 for the Xinxiang Sunny Town Project (新乡阳光新城项目). Located at less ideal sites of the project or have less-than-ideal layouts, these units were sold at reduced prices relative to the prevailing market prices and hence principally accounted for the reduced gross profit for FY2020. Notwithstanding which, the Group significantly narrowed its loss before tax from RMB23.3 million in FY2019 to RMB15.4 million in FY2020 by 33.9% through the implementation of a slew of austerity measures, including the curtailment in manpower costs, general and administration expenses as well as travelling and entertainment expenses, and in part as a consequence of the prevailing COVID-19 pandemic



GUO YINGHUI
Chairman

OPERATIONS REVIEW

Share placement

On 26 August 2020, the Company successfully completed a share placement in raising a net proceeds of about S\$1.0 million through the issuance of 29,300,000 new ordinary shares of the Company at an issue price of \$0.036 per share.

Mining Investment

For FY2020, the Group's investment in its South African mining company (the "Mining Investment") suffered a fair value loss of RMB9,423,000, the same was reflected in the statement of comprehensive income of the Group.

The Company had assessed the value of the Mining Investment as at 31 December 2020 based on the valuation report prepared by AP Appraisal Limited, an independent Hong Kong-based valuer (the "Third Party Valuer"). Based on the income-based approach and by reference to both historical performance and forecasts, the Third Party Valuer estimated the future cash flows for the period of the estimated operating lifespan of the mine in question according to the resource estimation and an appropriate discount rate in order to calculate the present value of the Mining Investment.

The key assumptions used in discounted cash flows include (a) the exploration period and capital expenditure; (b) the profitability of the iron ore mine pursuant to the Mining Investment, including iron ore prices, operating expenditure and reserve quantity; (c) the mining period of the iron ore mine pursuant to the Mining Investment, including mining license renewal; and (d) the discount rate.

MOVING FORWARD

As a follow-on of the Company's long pursuit of its proposed acquisition 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) (the "Target") with a view to diversify into the business of agriculture (the "Proposed Acquisition"), the Company had on 21 January 2021 entered into a binding term sheet with China Focus International Limited (中置国际有限公司) ("China Focus") and Profit Run Developments Limited (润辉发展有限公司) ("Profit Run") so as to acquire from these entities 100% of their respective shareholdings in the issued and paid-up share capital of Fully Rich International Investment Limited (广富国际投资有限公司) ("Guang Fu"), which in turns owns 63.11% of the registered capital of the Target, for the carrying out of the Proposed Acquisition.

The Proposed Acquisition is anticipated to require the approval of the shareholders of the Company at a general meeting to be convened as it is expected to constitute as a major transaction pursuant to Rules 1006 and 1014 of the Listing manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and is an interested person transaction pursuant to Chapter 9 of the Listing Manual of SGX-ST as I, the Chairman and controlling shareholder of the Company, control both China Focus and Profit Run. The relevant parties of the Proposed Acquisition are currently in advanced discussions in finalizing the key terms and conditions for the Proposed Acquisition. Further details concerning the Proposed Acquisition will be announced by the Company in due course.

ACKNOWLEDGEMENTS

In closing, I would like to express my utmost sincere appreciation to our much cherished management and staff for their unyielding hard work, contribution, commitment and dedication. I would also like to take this opportunity to thank Mr Li Bin, who had stepped down as an Executive Director and the CEO of the Company in November 2020, for his valuable contributions to the Group, and extend a warm welcome to Mr Zhai Kebin, who joins us as an Executive Director and the new CEO of the Company with effect from November 2020.

I would also like to say a big thank you to our valued partners, suppliers and customers for their strong and unrelenting supports over the years. My earnest gratitude is also extended to my fellow Directors for their invaluable 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 you our steadfast Shareholders for your patience and trust as well as for standing by us through the past years, and I look forward to your continued support in making our collective dream come true in FY2021 and beyond.

GUO YINGHUI

Chairman

BOARD OF DIRECTORS



01 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 22 April 2019.

02 ZHAI KEBIN

Chief Executive Officer and Executive Director

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

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

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

03 DONG LINGLING

Executive Director

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

She graduated with an accounting degree from Henan Caijin University. Her last re-election was on 27 April 2018.

04 LIM HAN BOON

Independent and Non-Executive Director

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

His last re-election with the Company was on 27 April 2018.

BOARD OF DIRECTORS

05 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 22 April 2019.

06 CHAN SIEW WEI

Independent and Non-Executive Director

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

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

He is also a member of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors. His last re-election was on 22 April 2019.

HO KOK WENG

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

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

LI WEIHUA

Mr Li Weihua (“Mr Li”) joined the Group as the Deputy Risk Controller in April 2018 and was promoted to Risk Controller in January 2021. Mr Li had 20 years of experience in accounting, audit and risk management. Prior to joining the Group, Mr Li held various senior positions in large accounting firms and investment banking. He was also involved in various IPO audits and corporate restructuring.

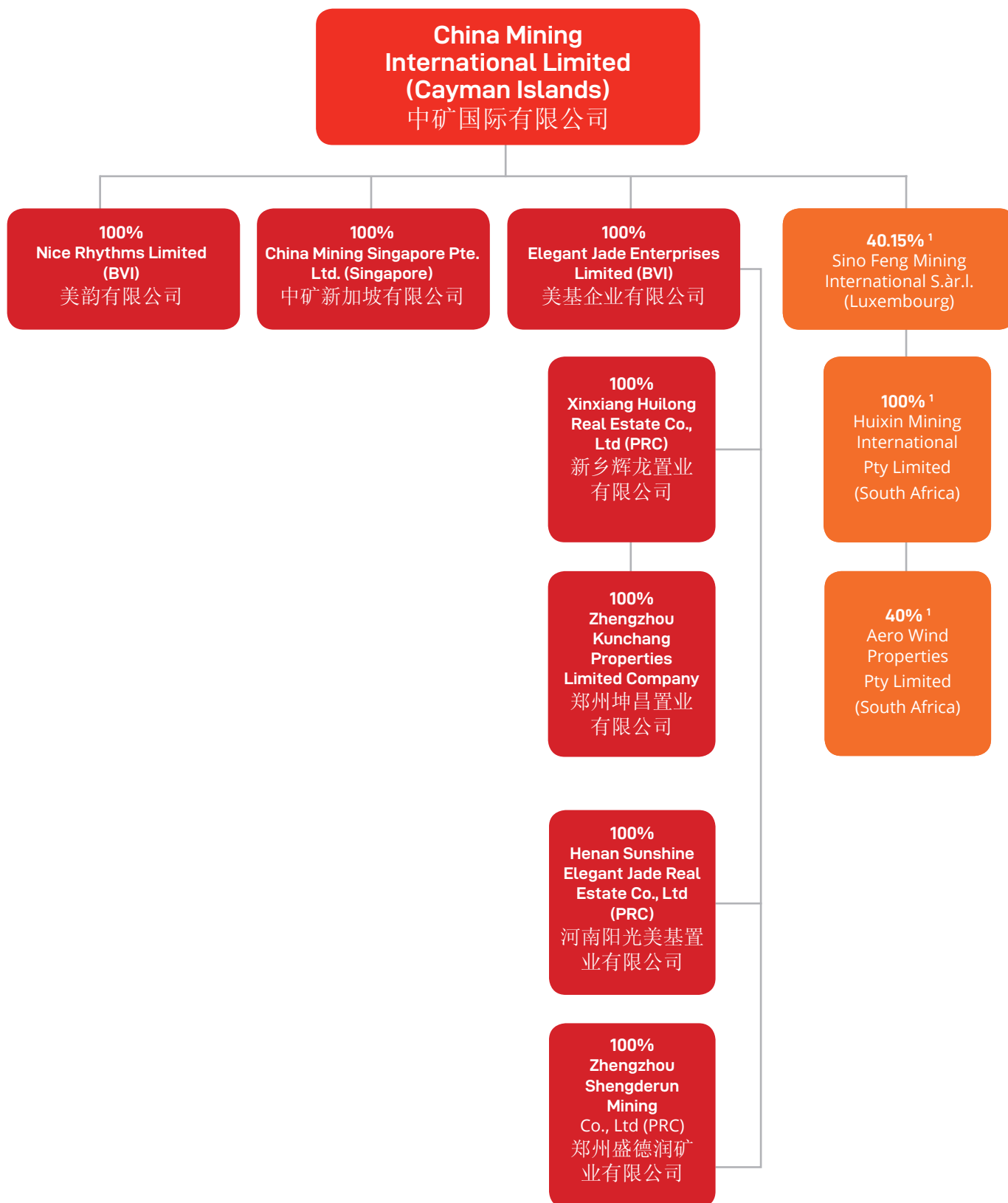
Mr Li is a Chinese Certified Public Accountant, Chinese Certified Tax Agent and a Certified International Internal Auditor.

LI JIGANG

Mr Li Jigang (“Mr Li”) is the General Manager in-charge of the Xinxiang Sunny Town Project (新乡阳光新城项目). He has been with the Real Estate Development department of the Group since 1996.

Mr Li graduated with a Bachelor in Civil Engineering from the Northwestern Polytechnic University, Xi’an, China.

GROUP STRUCTURE



■ Mining Business

Note:

⁽¹⁾ The Company holds an effective equity interest of 16.06% in Aero Wind Properties Pty Limited. The investment in Sino Feng Mining International S.à.r.l. and its subsidiaries is classified as "Financial assets at fair value through other comprehensive income" in the Statements of Financial Position (Note 10).

BOARD OF DIRECTORS

Guo Yinghui, Chairman and Executive Director
Zhai Kebin, Chief Executive Officer and Executive Director
Dong Lingling, Executive Director
Lim Han Boon, Independent Director
Ning Jincheng, Independent Director
Chan Siew Wei, Independent Director

JOINT COMPANY SECRETARIES

Foo Soon Soo
Ho Kok Weng

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

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

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

AUDIT COMMITTEE

Lim Han Boon, Chairman
Ning Jincheng
Chan Siew Wei

NOMINATING COMMITTEE

Ning Jincheng, Chairman
Lim Han Boon
Guo Yinghui

REMUNERATION COMMITTEE

Chan Siew Wei, Chairman
Lim Han Boon
Ning Jincheng

KEY EXECUTIVES

Ho Kok Weng
Li Weihua
Li Jigang

SHARE TRANSFER AGENT'S OFFICE

KCK CorpServe Pte Ltd
333 North Bridge Road
#08-00 KH KEA Building
Singapore 188721

CAYMAN ISLANDS SHARE REGISTRAR

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

AUDITOR OF THE COMPANY

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

PRINCIPAL BANKERS

China Construction Bank Corporation,
Zhengzhou Branch

FINANCIAL CONTENTS

11

CORPORATE
GOVERNANCE
REPORT

47

INDEPENDENT
AUDITOR'S
REPORT

55

CONSOLIDATED
STATEMENT OF
CASH FLOWS

33

ADDITIONAL
INFORMATION ON
DIRECTORS SEEKING
RE-ELECTION

51

STATEMENTS
OF FINANCIAL
POSITION

57

NOTES TO THE
FINANCIAL
STATEMENTS

36

SUSTAINABILITY
REPORT

53

CONSOLIDATED
STATEMENT OF
PROFIT OR LOSS
AND OTHER
COMPREHENSIVE
INCOME

124

STATISTICS OF
SHAREHOLDINGS

44

DIRECTORS'
STATEMENT

54

CONSOLIDATED
STATEMENT OF
CHANGES IN
EQUITY

126

NOTICE OF
ANNUAL GENERAL
MEETING

China Mining International Limited (the “Company”) is committed to ensuring and maintaining a high standard of corporate governance. This report outlines the Company’s corporate governance practices with reference to the Code of Corporate Governance 2018 (the “Code”). The Company has complied in all material aspects with the principles and guidelines of the Code as well as the requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (the “Listing Manual”). Where there are deviations from the Code, explanations have been provided. The Company will continue to improve its systems and corporate governance processes in its compliance with the Code.

BOARD MATTERS

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

Provision 1.1

Board’s Role

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

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

The Board recognizes that, to ensure the sustainability of the business of the Group, the Company has to identify the key stakeholder groups whose perceptions affect the Group’s reputation and strike a balance between its business needs and the needs of the society and the environment in which it operates.

Provision 1.2

Directors’ Duties and Responsibilities

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

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

CORPORATE GOVERNANCE

Orientation, briefings, updates and training for Directors

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

Incoming Directors joining the Board will undergo an orientation program which includes introduction by the Management on the Group's businesses and strategic plans and objectives and site visits. New Director will be briefed by the 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; the disclosure of conflicts of interest in transactions involving the Company; the restrictions on dealings in the Company's securities; and the disclosure of price-sensitive and trade-sensitive information.

The incoming Director will meet up with the senior Management and the secretary of the Company (the "Company Secretary") to familiarize himself or herself with their roles, organization structure and business practices. This will enable him or her to get acquainted with the senior Management and the Company Secretary, thereby facilitating Board interaction and independent access to the senior Management and the Company Secretary.

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

Briefings and updates provided for the Directors in FY2020 include:

- Relevant developments in accounting and governance standards by the external auditors of the Company (the "External Auditors").
- Relevant rules and regulations, including listing rules of the Listing Manual and the guidelines of the Code, by the Company Secretary.
- Business and strategic developments of the Group by the Chief Executive Officer of the Company (the "CEO").
- Key issues and risk management considerations pertaining to the businesses of the Group by the Management. Where necessary, the Management provided the Directors further explanations, briefings or information on any aspect of the Group's operations or business which needed clarification.

Provision 1.3

Internal Guidelines on Matters Requiring Board Approval

Matters specifically reserved for the Board for approval include:

- Business plans and strategy;
- Annual budgets (including capital and operating expenditure) and financial plans
- Financial results and related statements;
- Material acquisitions and/or divestments;
- Investment proposals;
- Fund raising proposals; and
- Share issuances, share buyback, dividends and/or other returns to the Shareholders.

Provision 1.4

Delegation of Authority to Board Committees

The Board has formed three Board committees (the “Board Committees”), namely the Audit Committee (“AC”), the Nominating Committee (“NC”) and the Remuneration Committee (“RC”), to assist it 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. The operating procedures require a Board Committee member to disclose his or her interest and recuse himself or herself from discussions and decisions involving a conflict of interest.

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

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

Provision 1.5

Meetings of Board and Board Committees

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

The table below sets out the number of Board and Board Committee meetings which were convened in FY2020:

	Board	Audit	Remuneration	Nominating
Number of meetings held	4	4	1	1
Name of Directors⁽¹⁾		Number of meetings attended		
Mr Guo Yinghui	4	4 ⁽²⁾	N.A	1
Mr Lim Han Boon	4	4	1	1
Mr Ning Jincheng	4	4	1	1
Mr Chan Siew Wei	4	4	1	N.A
Ms Dong Lingling	4	4 ⁽²⁾	N.A	N.A

Notes:

(1) Excludes Mr Li Bin, a former Executive Director, who resigned on 30 November 2020.

(2) Attended by invitation.

N.A. denotes “Not applicable”

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

CORPORATE GOVERNANCE

Provisions 1.6 and 1.7

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

All Directors are from time to time furnished with information concerning the Company and the Group to enable them to be fully informed of all material events and transactions of the Group, including major decisions and actions of the Management. Board papers are sent to Directors prior to each Board and Board Committee meeting. The Management is available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or through assistance provided by external consultants engaged on specific projects. The Board has unrestricted access to the Management and the Group's records and information.

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

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

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

BOARD COMPOSITION AND GUIDANCE

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

Provision 2.1

Independence of Directors

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

	Board appointments		Board appointments		
	Executive director	Independent director	Audit Committee	Nominating Committee	Remuneration Committee
Mr Guo Yinghui (Chairman)	*			Member	
Mr Zhai Kebin (CEO) ⁽¹⁾	*				
Ms Dong Lingling	*				
Mr Lim Han Boon		*	Chairman	Member	Member
Mr Ning Jincheng		*	Member	Chairman	Member
Mr Chan Siew Wei		*	Member		Chairman

Note:

(1) Mr Zhai Kebin was appointed as an Executive Director and the CEO of the Company on 30 November 2020

CORPORATE GOVERNANCE

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

For the purpose of determining Directors’ independence, every Independent Director has provided declaration of his independence which is reviewed by the NC and the Board. All the Directors other than the Executive Directors on the Board are considered by the NC and the Board to be Independent Directors.

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

Under Rule 210(5)(d)(iii) of the Listing Manual which will take effect from 1 January 2022, an Independent Director will not be considered independent if he has served on the Board for an aggregate period of more than nine years, unless prior to 1 January 2022 he has obtained approval from the Shareholders to continue in office under a two-tier voting by: (a) all Shareholders; and (b) all Shareholders who are not a Director or the CEO and their associates.

Mr Lim Han Boon and Mr Ning Jincheng have each served the Board for more than nine years. Mr Chan Siew Wei would have served the Board for more than nine years after 14 May 2021. 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 that a Director exercises independence of judgment in his or her deliberation in the best interests of the Company. The Board has undertaken a rigorous review of the independence of Mr Lim, Mr Ning and Mr Chan, which includes critical examination of any conflicts of interest as well as other factors such as their review and scrutiny of matters and proposals put before the Board. The Board is of the view that the Independent Directors have over the years developed significant insights of the Group’s business and operations, and can continue to provide significant and valuable contributions 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 endorsed the NC’s recommendation to seek Shareholders’ approval for Mr Lim Han Boon, Mr Ning Jincheng and Mr Chan Siew Wei to continue as Independent Directors from 1 January 2022. The Board considers it in the interest of the Company to have continuity of experience and to benefit from Mr Lim, Mr Ning and Mr Chan’s expertise and experience and their insights into the Group gained over the years. Mr Lim and Mr Ning had abstained from the NC’s deliberation, and all the Independent Directors had abstained from the Board’s deliberation concerning themselves.

Details of the qualifications and experience of the Independent Directors are presented in the section entitled “Board of Directors” of this 2020 Annual Report.

CORPORATE GOVERNANCE

Provisions 2.2 and 2.3

Composition of Independent Directors and Non-Executive Directors on the Board

Under the listing rules of the Listing Manual (the “Listing Rules”), the Independent Directors should make up one-third of the Board. The present composition of the Board complies with the Listing Rules.

Under Provision 2.2 of the Code, the Independent Directors should make up a majority of the Board where the Chairman is not an Independent Director. Under Provision 2.3 of the Code, the Non-Executive Directors should make up a majority of the Board. All the Non-Executive Directors of the Company are Independent Directors who make up half the Board. Given the present Board size of six, the three Independent Directors provide a good balance of authority and power within the Board. In addition, the NC, AC and RC, which assist the Board in its functions, are each chaired by an Independent Director. The Board is of the view that there is a strong independence element within the Board to justify the departure of the Board composition from the Code.

Provision 2.4

Composition and Size of the Board

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

The composition of the Board is reviewed on an annual basis by the NC, taking into account the scope and nature of the operations of the Group and the requirements of the business, to ensure that the Board is of the appropriate size and to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. Collectively as a team, the current Board is equipped with core competencies concerning accounting, legal, business and management matters as well as industry knowledge.

The NC recognizes the merits of gender diversity in relation to the composition of the Board. The Board presently has one female Director

Provision 2.5

Role of Non-Executive Directors

During FY2020, the Non-Executive Directors, who are all Independent Directors, constructively challenge and help develop both the Group’s short-term and long-term business strategies. The Management’s progress and performance in implementing such agreed business strategies are monitored by the Non-Executive Directors.

The Non-Executive Directors meet amongst themselves without the presence of the Executive Directors, and the chairman of the meeting will provide feedback to the Chairman of the Board after such meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Provision 3.1

Separate Roles of the Chairman and Managing Director

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

Mr Zhai Kebin, an Executive Director, is also the CEO of the Company. The CEO sets the business strategies and directions for the Group and manages the business operations of the Group. He is supported by the other Executive Director and other Management staff.

The Executive Chairman and the CEO consult with the Board and Board Committees on major issues.

With the positions of the Executive Chairman and the CEO filled by different persons, there is a clear separation of roles and responsibilities between the Executive Chairman and the CEO. The Chairman and the CEO are not related.

Provision 3.2

Roles and Responsibilities of the Chairman

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

- (a) Promoting a culture of openness and debate at the Board;
- (b) Facilitating the effective contribution of all Directors;
- (c) Promoting high standards of corporate governance; and
- (d) Ensuring effective communication with the Shareholders and other stakeholders.

Provision 3.3

Lead Independent Director

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

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

CORPORATE GOVERNANCE

BOARD MEMBERSHIP

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

Provisions 4.1 and 4.2 Nominating Committee

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

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

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

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

- (a) To review succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key Management personnel;
- (b) To recommend to the Board on all board appointments, re-appointments and re-election of Directors;
- (c) To assess the independence of the Independent Directors;
- (d) To develop a process for the evaluation of the performance of the Board, its Committees and Directors, and undertake assessment of the effectiveness of the Board, the Board Committees and the individual Directors; and
- (e) To review training and professional development programs for the Board and its Directors.

Provision 4.3

Process for the Selection and Appointment of New Directors

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

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

The Constitution of the Company (the “Company’s Constitution”) requires the Directors to submit themselves for re-nomination and re-election at regular intervals of at least once every three years. In addition, a newly appointed Director will submit himself or herself for retirement and re-election at the annual general meeting (“AGM”) immediately following his or her appointment. Thereafter, he or she is subject to the one-third rotation rule.

Mr Lim Han Boon and Ms Dong Lingling will retire by rotation pursuant to Article 86 of the Company’s Constitution at the forthcoming AGM and are eligible for re-election. Taking into account the attendance and participation at Board meetings, the NC is satisfied that the retiring Directors have committed time to effectively discharge their responsibilities. The NC has recommended their re-elections with Mr Lim abstained from the NC’s deliberation concerning himself.

Mr Zhai Kebin, who was appointed as an Executive Director and the CEO on 30 November 2020, will retire pursuant to Article 85 of the Company’s Constitution and is eligible for re-election. The NC has recommended his re-election.

In accordance with the Listing Rules, the particulars of the Directors seeking re-election as set out in accordance with Appendix 7.4.1 of the Listing Manual are provided under the section entitled “Additional Information on Directors Seeking Re-Election” of this 2020 Annual Report .

Provision 4.4

Determining Directors’ Independence

Each Independent Director completes a checklist to confirm his independence on an annual basis. The NC has reviewed the independence of the Directors as mentioned under Provision 2.1 above.

Provision 4.5

Multiple Board Representations

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

The NC has considered the multiple directorships of some Directors, as shown in the section entitled “Board of Directors” of this 2020 Annual Report. The NC has also considered the Directors’ principal commitments and their contribution to the Board. The NC is satisfied that the Directors spent adequate time on the Group’s affairs and have duly discharged their duties.

CORPORATE GOVERNANCE

BOARD PERFORMANCE

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

***Provisions 5.1 and 5.2
Conduct of Board Performance***

- Evaluation of the Board

The NC reviews the Board's performance evaluation criteria and proposes to the Board a set of objective performance criteria that allows for comparison with industry peers and assessment as to how the long-term Shareholders' value is enhanced. Based on the recommendations of the NC, the Board has established processes for assessing the effectiveness of the Board as a whole, its Board Committees and the contribution by each individual Director to the effectiveness of the Board.

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

In the course of FY2020, the NC had conducted the assessment via a questionnaire which was completed by each Director for the evaluation of the Board and the Board Committees. The Company Secretary compiled the Directors' responses into a consolidated summary report which was discussed at the NC meeting with a view to implement certain recommendations to further enhance the effectiveness of the Board.

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

- Evaluation of individual Directors

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

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

For FY2020, the Board is satisfied that each Director has allocated sufficient time and resources to the affairs of the Group.

No external facilitator was used in the evaluation process.

REMUNERATION MATTERS PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

Provisions 6.1 and 6.2 Remuneration Committee

The RC comprises the following three members, all of whom, including the Chairman of the RC, 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 Management personnel of the Group;
- (b) To determine specific remuneration packages for each Executive Director as well as key Management personnel;
- (c) To review the appropriateness of compensation for Non-Executive Directors;
- (d) To review the remuneration of employees occupying managerial positions who are related to any Director and/or substantial Shareholder; and
- (e) To administer the Employee Share Option Scheme.

Provision 6.3 Review of Remuneration

All aspects of remuneration, including but not limited to the Directors' fees, salaries, allowances, bonuses and benefits in-kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his or her remuneration package. The recommendations of the RC will be submitted to the Board for endorsement.

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

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

CORPORATE GOVERNANCE

Provision 6.4

Engagement of Remuneration Consultants

The RC is provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company. For FY2020, the RC did not engage any expert professional advice.

LEVEL AND MIX OF REMUNERATION

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

Provision 7.1:

Remuneration of Executive Directors and Key Management Personnel

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

The Executive Directors have service contracts and do not receive any Director's fee. They are paid a basic salary pursuant to their respective service agreements. Both the Executive Directors and key Management personnel are paid a variable bonus which is determined annually based firstly on the Group's performance and secondly on the contribution of the personnel in question to the performance of the Group.

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

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

Provision 7.2

Remuneration of Non-Executive Directors

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

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

Each RC member will abstain from voting on any resolution in respect of his own remuneration package. The RC considers that the current fee structure adequately compensates the Non-Executive Directors, without over-compensating them so as to compromise their independence.

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

Provision 7.3

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

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

DISCLOSURE ON REMUNERATION

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

Provision 8.1

Remuneration Report

Remuneration of Executive Directors and CEO

The Executive Directors, who sit on the Board, hold executive positions in the Group's key subsidiaries in China. There is no requirement for corporations in China to disclose the detailed remuneration of individual directors and executives. As such detailed disclosures in Singapore would affect the confidentiality of the Executive Directors' remuneration in China, the Chinese subsidiaries concerned would then be put in a position of unequal treatment concerning the confidentiality of their employees' remuneration and their executives who are on the Board would then be disadvantaged unfairly. In addition, given the highly competitive conditions in the market place where poaching of executives is not uncommon, it is not in the interest of the Company to disclose the remuneration of individual Executive Directors. The Board is of the view that it would be disadvantaged to the Group to detail the remuneration of the Executive Directors.

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

The following table shows a breakdown of the annual remuneration paid or payable to each of the Directors for FY2020 :

Remuneration band	Director's Fee	Salary	Bonus	Other benefits	Total
	%	%	%	%	%
Up to S\$250,000					
Mr Guo Yinghui	-	99	-	1	100
Mr Li Bin*	-	100	-	-	100
Mr Zhai Kebin#	-	100	-	-	100
Ms Dong Lingling	-	99	-	1	100
Mr Lim Han Boon	100	-	-	-	100
Mr Ning Jincheng	100	-	-	-	100
Mr Chan Siew Wei	100	-	-	-	100

* Mr Li Bin, a former Executive Director, resigned on 30 November 2020.

Mr Zhai Kebin, an Executive Director and the CEO, joined the Company on 30 November 2020.

CORPORATE GOVERNANCE

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

The following table shows the remuneration of the top three key Management executives of the Group for FY2020 :

Remuneration Band and Name	Salary	Bonus	Other benefits	Total
	%	%	%	%
Up to S\$250,000				
Mr Ho Kok Weng	100	-	-	100
Mr Li Jigang	98	-	2	100
Ms Wu Yu*	100	-	-	100

* Ms Wu Yu resigned from a subsidiary of the Company in December 2020.

The key Management of the Group comprised three personnel, who are not the Directors or CEO of the Company, as disclosed in the key section entitled "Key Management" of this 2020 Annual Report. The aggregate remuneration paid to these top three key Management personnel amounted to RMB 1,456,279 for FY2020 .

Provision 8.2

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

For FY2020, other than Mr Guo Wenjun, a son of Mr Guo Yinghui, the Executive Chairman and a substantial Shareholder of the Company, there is no immediate family member of any substantial Shareholder or Director employed within the Group whose annual remuneration exceeds S\$100,000. The annual remuneration of Mr Guo Wenjun for FY2020 is within the band of S\$100,000 to S\$200,000.

Provision 8.3

Employee Share Scheme

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

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard Shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives

Provision 9.1

Risk Management and Internal Controls System

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

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

The AC assists the Board in its role of overseeing the governance of risks in the Group to ensure that the Management maintains a sound system of risk management and internal controls to safeguard Shareholders' interests and the Group's assets. Having considered the Group's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

The Group regularly conducts review on the adequacy and effectiveness of the key Group's material internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The review covers aspects which include revenue and cash management; procurement; tenancy management; IT general controls; financial preparation; as well as human resource and payroll controls, and any material findings uncovered therefrom is thereafter presented to the AC.

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

Provision 9.2:

Assurance from CEO and CFO

The Board and the AC have received written assurance from the CEO and the Chief Financial Officer ("CFO") that:

- (a) the financial records of the Group had been properly maintained and the financial statements for FY2020 gave a true and fair view of the Group's operations and finances; and
- (b) the risk management and internal control systems in place within the Group were adequate and effective in addressing the material risks of the Group in its current business environment, including material financial, operational, compliance and information technology risks.

Board's Comment on Adequacy and Effectiveness of Internal Controls

Pursuant to Rule 1207(10) of the Listing Manual, based on the review of the key risks identified, and the internal controls established and maintained by the Group, work performed by the External Auditors, reviews performed by Management, various Board Committees and the Board, and the aforesaid assurances from the CEO and CFO, the Board is of the opinion that the Group's system of internal controls in addressing financial, operational, compliance and information technology controls and risk management systems were adequate and effective as at 31 December 2020. Based on its review of the internal controls and assurances received from the Executive Directors and CFO, the AC concurred with the Board's opinion.

CORPORATE GOVERNANCE

AUDIT COMMITTEE

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

Provisions 10.1 and 10.2

AC Membership

As at the date of this report, the AC comprises three members, 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

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

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

- Roles, Responsibilities and Authorities of AC

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

- To review with the External Auditors the latter's audit plan, evaluation of the system of internal accounting controls of the Group, audit report and management letter (including the corresponding response from the Management);
- To review the co-operation given by the officers and staffs of the Group to the External Auditors;
- To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and the Group and any announcements relating thereto;
- To review the internal controls and procedures (in ensuring co-ordination between the External Auditors and the Management) and the assistance given by the Management to the External Auditors on problems and concerns, if any, arising from the interim and final audits and any matters which the External Auditors may wish to discuss (in the absence of the Management, where necessary);
- To review and discuss with the External Auditors any suspected fraud or irregularity or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response thereof;
- To review the assurance from the CEO and the CFO on the financial records and financial statements of the Company and the Group;
- To review, at least annually, the adequacy and effectiveness of the Company's internal controls and risk management systems;
- To consider and recommend the appointment or re-appointment of the External Auditors and matters, if any, relating to the resignation or dismissal of the External Auditors;

- (i) To review, if any, interested person transactions falling within the scope of Chapter 9 of the Listing Manual;
- (j) To review, if any, potential conflicts of interest;
- (k) To review policy or arrangement concerning possible improprieties in financial reporting or other matters to be safely raised;
- (l) To undertake such other reviews and projects as may be requested by the Board from time to time and report to the Board its findings thereof on matters which require the attention of the AC; and
- (m) To undertake such other functions and duties as may be required by the statute or the Listing Manual, or by such amendments as may be made thereto from time to time.

The External Auditors had identified the key audit matters (“KAMs”) in respect of the statutory audit of the Company and the Group for FY2020 and had set out the work they performed to ensure the accounting in respect of the KAMs are in accordance with accounting standards. The AC considered the appropriateness of the External auditors’ work and findings and concurred with the External Auditors.

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

- Independence of External Auditors

The AC reviews the independence of the External Auditors annually. The AC had reviewed the fees, comprising an audit fee of S\$96,000 (2019: S\$110,000) and non-audit fees of S\$28,000 (2019: S\$nil) for FY2020, as charged 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 the 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 for FY2020. 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 Manual has been complied with.

- Whistle-blowing Policy

The AC has adopted a Whistle Blowing Policy (the “Policy”) for the Group, which provides a channel for employees and other parties to report in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The Policy is to assist the AC in managing allegations of fraud or other misconduct and that disciplinary and civil actions, which are initiated following the completion of investigations, are appropriate and fair, and that actions are taken to correct the weakness in the existing system of internal processes (which allows 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 in-charge will assess whether action or review is required by the Independent Directors to investigate the complaint of suspected fraud in an objective manner. Details of the Policy and related arrangement are conveyed during staff orientation as part of the Group’s efforts to promote fraud control awareness.

CORPORATE GOVERNANCE

Provision 10.3

Partners or Directors of the Company's Auditing Firm

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

Provision 10.4

Internal Audit Function

The Group did not engage any internal auditors for FY2020. The Group's accounts department handles the internal audit function to review the internal controls, risk management and compliance systems of the Group, and reports findings and makes recommendations directly to the Chairman of the AC on all internal audit matters and to the CEO on all administrative matters.

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

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

Provision 10.5

Meeting with External and Internal Auditors without Presence of Management

During FY2020, the AC had met with the External Auditors without the presence of the Management to review any area of audit concern. Ad-hoc meetings by the AC with the External Auditors may be carried out from time to time as dictated by circumstances.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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

Provision 11.1

Providing Opportunity for Shareholders to Participate and Vote at General Meetings

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

The Company is governed by the Companies Law of Cayman Islands which recognizes only persons who hold shares registered in their names in the register of members (the "Registered Members") as their members. The Central Depository (Pte) Limited ("CDP") is a Registered Member, and though the depositors who hold the Company's shares via CDP (the "Depositors") are not Registered Members, they are accorded the rights of members to attend and vote at general meetings of the Company as CDP's proxies in the Company's Constitution and the right to appoint sub-proxies to attend and vote in their stead. Shareholders, be it the Registered Members or the Depositors, are encouraged to attend the AGMs and Extraordinary General Meetings ("EGMs") to ensure a high level of accountability

and to stay apprised of the Group's strategy and goals. Every Shareholder has the right to receive notice of general meetings and to vote thereat. Notice of a general meeting is sent out at least 14 days before the meeting so that sufficient notice of meeting is given to Shareholders to attend the meeting or appoint proxies to attend and vote in their stead. Notice of the AGM and EGM will be advertised in newspapers and announced on SGXNET. However, in view of the ongoing COVID-19 pandemic, the Notice of AGM for 2020 will not be distributed to the Shareholders but will be made available for viewing at the Company's corporate website at <http://www.chinamining-international.com> and via SGXNET at least 14 days before the coming AGM.

At the AGM, Shareholders are given the opportunities to express their views and ask the Board and the Management questions regarding the operations of the Group.

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

In view of the COVID-19 pandemic situation, the AGM in 2020 was held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM were put in place for that AGM. The Company will be conducting the forthcoming AGM in a similar manner.

Provision 11.2

Separate Resolutions at General Meetings

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

Provision 11.3

Attendance of Directors and auditors at general meetings

In 2020, the Company held one general meeting, being an AGM. Members of the Board, including the chairpersons of each of the Board Committees, were present at the meeting to address Shareholders' queries. The External Auditors were also present to assist the Directors in addressing any relevant queries by the Shareholders.

Provision 11.4

Absentia Voting

The Company's Constitution allows a Shareholder (including a nominee company) who is unable to attend a meeting to appoint up to two proxies. The Company is governed by the Companies Law of the Cayman Islands which has no provision for nominee company to appoint more than two proxies. However as mentioned in Provision 11.1, Depositors who hold the Company's shares via CDP (though are not Registered Members), are accorded the rights of members to attend and vote at general meetings of the Company as CDP's proxies in the Company's Constitution, and if they are not able to attend a meeting, they have the right to appoint sub-proxies to attend and vote in their stead.

CORPORATE GOVERNANCE

Provision 11.5 **Minutes of General Meetings**

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

Provision 11.6 **Dividend Policy**

For FY2020, no dividend was declared or recommended due to the performance of the Group. The Company does not have a policy on payment of dividend. In proposing any dividend payment, the Board will consider the level of cash balance of the Group, its performance and projected capital expenditure and investments required.

ENGAGEMENT WITH SHAREHOLDERS

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

Provision 12.1 **Avenues for Communication between the Board and Shareholders**

The Company communicates with its Shareholders and the investment community through the timely release of financial statements and announcements to the SGX-ST via SGXNET. Annual Reports are distributed to Shareholders at least 14 days before each AGM. However, in view of the ongoing COVID-19 pandemic, the 2020 Annual Reports will not be distributed to the Shareholders but will be made available for viewing at the Company's corporate website at <http://www.chinamining-international.com> and via SGXNET at least 14 days before the coming AGM.

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

The Group supports and encourages active Shareholders' participation at general meetings. The Board believes that general meetings serve as an opportune forum for Shareholders to meet the Board and key Management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all Shareholders. The notices are also released via SGXNET and on the Company website. The Company's Constitution allows the appointment of proxies by Registered Members and the appointment of sub-proxies by Depositors (as mentioned in Provision 11.1) to attend general meetings and vote on their behalf.

Provisions 12.2 and 12.3 **Investor Relations**

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

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

ENGAGEMENT WITH STAKEHOLDERS

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

Provisions 13.1 and 13.2

Engage with its Material Stakeholder Groups

The Group's material stakeholders are its Shareholders, customers, employees, business partners and the community and the Company engages with them through its sustainability initiatives as set out in its Sustainability Report for FY2020 contained in this 2020 Annual Report. Please refer to the Sustainability Report for FY2020 for details.

Provision 13.3

Corporate Website to Communicate and Engage with Stakeholders

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

OTHER CORPORATE GOVERNANCE MATTERS INTERESTED PERSONS TRANSACTIONS

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

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

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

Disclosure of interested person transactions for FY2020 is set out as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions conducted (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		RMB'000	
Mr Guo Yinghui	Chairman	1,000 ⁽¹⁾	Nil

Note:

This transaction pertains to an interest-free advance extended by Mr Guo Yinghui, the Chairman and a controlling Shareholder of the Company, to the Group in January 2020, with the same having been fully repaid in February 2020.

CORPORATE GOVERNANCE

DEALINGS IN SECURITIES

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

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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Lim Han Boon	Dong Lingling	Zhai Kebin
First appointed	9-Dec-2005	29-Apr-2011	30-Nov-2020
Last re-elected	27-Apr-2018	27-Apr-2018	N/A
Age	58	47	45
Country of principal residence	Singapore	China	China
The Board's comments on this re-election	The Board has accepted the recommendation of the Nominating Committee to re-elect Mr Lim as Independent Director of the Company. Mr Lim's experience in the financial sector is valuable to the Board.	The Board has accepted the recommendation of the Nominating Committee to re-elect Ms Dong as Executive Director of the Company. Ms Dong's experience in finance is valuable to the Board.	The Board has accepted the recommendation of the Nominating Committee to re-elect Mr Zhai as Chief Executive Officer and Executive Director of the Company. The Board considered Mr Zhai's background, expertise, experience, and commitments in discharging his duties as a Chief Executive Officer and Executive Director and is satisfied that he will contribute to the Group.
Whether re-election is executive, and if so, the area of responsibility	The appointment is Non-Executive.	The appointment is Executive. Ms Dong will be responsible for managing and overseeing the accounting functions of the Group.	The appointment is Executive. Mr Zhai will be responsible for managing and overseeing the overall business strategy and development of the Group.
Job title (e.g. Lead ID, AC Chairman, AC Member etc)	Independent Director, Audit Committee Chairman; Member of Remuneration Committee; and Member of Nominating Committee	Executive Director	Chief Executive Officer and Executive Director
Professional qualifications	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.	Ms Dong holds a Accounting Degree from Henan Caijin University.	Mr Zhai holds a Bachelor of Economics from University of International Business and Economics and EMBA from Zhengzhou University.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Lim Han Boon	Dong Lingling	Zhai Kebin
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiaries	No	No	No
Conflict of interest (including any competing business)	No	No	No
Working experience and occupation(s) during the past 10 years	<p>From 2007 to 2019 Marco Polo Marine Ltd. Independent Director</p> <p>From 1996 to 2019 Addvalue Technologies Ltd Independent Director</p> <p>From 2019 to Present Addvalue Technologies Ltd Finance Director</p>	<p>Ms Dong joined the Group in 1996 as a Finance Manager and was appointed as the Group's General Manager on 19 June 2010. She was promoted to Executive Director on 29 April 2011.</p>	<p>From 2001 - 2008 Sunshine Holdings Limited (which China Mining International Limited was formerly known as) Last position held: Executive Director</p> <p>From 2008 - 2010 Surbana Land International (China) Pte.Ltd. Last position held: Vice President</p> <p>From 2010 - 2017 Beijing Tianbao Liangxing Fund Last position held: Partner</p> <p>From 2018 - 2019 Hanergy Holding Group Ltd Last position held: Vice President</p> <p>From 2019 - 2020 Zhengzhou Tiandi Xincheng Industrial Co., Ltd Last position held: Legal representative, Chairman and General Manager</p>
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Lim Han Boon	Dong Lingling	Zhai Kebin
Shareholding interest in the listed issuer and its subsidiaries?	No	Yes 554,200 shares in the listed issuer. Shares are registered in the name of Philip Securities Pte Ltd.	No
Other principal commitments including directorships			
- Past (for the last 5 years)	Marco Polo Marine Ltd. Addvalue Technologies Ltd	Nil	Nil
- Present	Nil	Nil	1) Zhengzhou Tiandi Xincheng Industrial Co., Ltd Position held: Legal representative, Chairman and General Manager 2) Zhengzhou Yixing Real Estate Co., Ltd Position held: Legal representative, Chairman and General Manager 3) Zhengzhou Nongtao Electronic Commerce Co., Ltd Position held: Director
Information required under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual	Mr Lim's responses under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual are all "No".	Ms Dong's responses under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual are all "No".	Mr Zhai's responses under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual are all "No".

SUSTAINABILITY REPORT

1. SCOPE OF THE REPORT

Our sustainability report covers data and the relevant business activities of China Mining International Limited (the “Company”) and its subsidiaries (the “Group”) for the financial year ended 31 December 2020 (“FY2020”). The relevant business activities of the Group for FY2020 relate to property development in China, mining investments in China and South Africa as well as the conduct of an administrative office in Singapore.

The sustainability issues facing the Group since its first sustainability report published previously in 2018 have remained unchanged. The Group is still seeking to diversify its existing core business to include a more sustainable one, such as the agricultural business which it is in the midst of pursuing. Until a more sustainable business is eventually being carried out by the Group, a more comprehensive sustainability report with the inclusion of the setting of the necessary key performance indexes will be provided by the Group.

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

2. BOARD’S STATEMENT

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

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

3. STAKEHOLDERS’ ENGAGEMENT

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

Key Stakeholders	Communication Approach	Key Priorities
Shareholders	<ul style="list-style-type: none">• Annual general meetings• Extraordinary general meetings• Half and full year announcements• SGX announcements• Press release	<ul style="list-style-type: none">• Shareholders’ return• Accuracy and timeliness of disclosure• Key developments• Financial results

Key Stakeholders	Communication Approach	Key Priorities
Employees	<ul style="list-style-type: none"> • Management meetings • Internet, news, emails, phone calls • Social media (i.e. WeChat) • Seminars, conferences, forums 	<ul style="list-style-type: none"> • Career development • Employee welfare • Complaint processing • Wages • Health & safety
Regulatory	<ul style="list-style-type: none"> • Emails, internet, news, phone calls • Participate in discussions on formulation of policies, regulations and standards • Attend seminars and forums • Roundtable discussions • Briefing and consultations 	<ul style="list-style-type: none"> • Compliance • Corporate governance • Timely disclosure • Protecting the interest of minority shareholders • Policies and regulatory update and educations • Timely submission of corporate documents and annual filings
Customers	<ul style="list-style-type: none"> • Promotion events • Road-shows • Newspapers, internet and social media • Points of sales • Customers feedback 	<ul style="list-style-type: none"> • Quality of products • Product knowledge • Customer satisfaction • Complaint processing
Business partners	<ul style="list-style-type: none"> • Contract negotiations • Regular conferences • High level meetings • Routine operation communications 	<ul style="list-style-type: none"> • Fair and ethical business conduct • Profit sharing • Project development plans • Budgets & funding
Suppliers	<ul style="list-style-type: none"> • Contract negotiations • Round-table discussions • Routine communications 	<ul style="list-style-type: none"> • Products & pricing • Service & product quality • Timely supply & payment • Complaint processing

4. MATERIALITY ASSESSMENT

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

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

Material ESG Factor	Scope of focus
Governance & Risk Management	<ul style="list-style-type: none"> • Compliance risks • Corporate governance practices • Code of conduct and ethics • Anti-corruption and bribery • Whistle-blowing policy

SUSTAINABILITY REPORT

Material ESG Factor	Scope of focus
Environment	<ul style="list-style-type: none"> • Improve energy efficiency • Make efforts to reduce negative environmental impacts due to operations • Reduce air pollution • Waste management
Employees	<ul style="list-style-type: none"> • Improve employment management system • Provide employees with equal opportunities • Provide a healthy and safe working environment • Provide career development opportunities
Economic Performance	<ul style="list-style-type: none"> • Financial performance of the Company

4.1 MATERIAL FACTOR – GOVERNANCE AND RISK MANAGEMENT

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



4.1.1 COMPLIANCE RISKS

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

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

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

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

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

During FY2020, there was no report of fine on any violation of compliance. The Group will continue to work closely with various professional firms and improve its internal corporate governance framework. The Board targets to maintain such zero record on fine.

4.1.2 BOARD OF DIRECTORS

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

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

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

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

SUSTAINABILITY REPORT

4.1.3 AUDIT COMMITTEE

The Audit Committee (“AC”) oversees the financial reporting process, the effectiveness of the Company’s internal control and risk management systems, the statutory reporting of the annual report and the external auditor’s independence. In FY2020, the AC has three members, all of whom are Independent Directors with two of them residing in Singapore.

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

4.1.4 REMUNERATION AND NOMINATION COMMITTEE

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

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

4.1.5 EXTERNAL AUDITOR

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

4.1.6 CODE OF CONDUCT AND ETHICS FOR EMPLOYEE

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

4.1.7 ANTI-CORRUPTION AND BRIBERY

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

In addition, the Board is required to declare information on potential conflicts of interest on an annual basis. During FY2020, there was no report of any corruption or legal actions for bribery case within our Group. We will continue to educate and improve the awareness on such issues among the employees. The Board targets to maintain the zero report on corruption and bribery.

4.1.8 WHISTLE-BLOWING POLICY

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

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

The AC will enquire on matters relating to whistle-blowing and, if any, discuss with the Board at least four times a year during the AC meetings. During FY2020, there were no complaints, concerns or issues relating to whistle-blowing matter within our Group.

4.2 MATERIAL FACTOR – ENVIRONMENT

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

The Group constantly reminds the employees to ensure that they understand and contribute to overall waste management efforts to conserve and reduce resources used in our operations, mainly on electricity, water, papers and renovation materials. We also made a conscious effort in using environmental friendly materials and products.

As part of our energy conservation efforts, we use energy saving photocopiers and energy-efficient air-conditioner units at our workplace, and encourage employees to turn-off their computers or laptops and the lights during lunch breaks or when no one is using them. We also urge our employees to constantly modify the temperature on the air-conditioner according to the seasons and turn-off when not in use. During FY2020, our electricity consumption was 1,872 kWh per employee per annum. We will continue to monitor and target to reduce the current consumption in the forthcoming years.

SUSTAINABILITY REPORT

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

Our environmental management is an on-going effort, and we will continue to improve ourselves through constantly monitoring the effectiveness of the Group's policies as we work towards achieving a greener footprint. During FY2020, there was no fine or sanction for non-compliance with environmental laws and regulations reported within our Group.

4.3 MATERIAL FACTOR – EMPLOYEES

The Group currently employs 26 employees and recognises that they are our most valuable assets and the key to achieving our long-term business success. We endeavour to create a “zero-injury and accident-free” working environment aimed at promoting a healthy work environment and improving safety in general work conditions. The overall well-being of employees is one of our development priorities. We strive to create a working environment of inclusion, equality and mutual trust as well as a working setting promoting health and safety. We seek to protect employees' rights, care for their well-being and provide a career development platform.

4.3.1 WORKPLACE AND STAFF WELFARE

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

We practise fair employment and do not condone any form of discrimination against employees. We also do not tolerate the use of forced or child labour, including bonded labour, indentured labour, slave labour or human trafficking, and the hiring of underage employees. Our human rights management is overseen by the Head of Human Resources and Administration Department, who reports to the Chairman of the Board and makes sure that we adhere to all applicable laws and regulations regarding child and forced labour. During FY2020, there was neither any case of child or forced labour incident or was there any incident of discrimination reported within our Group.

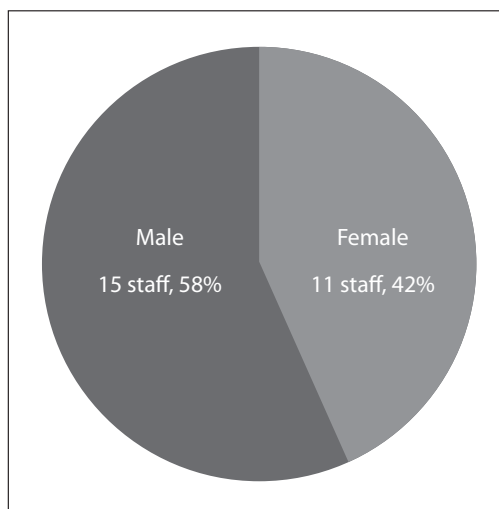
We support work life balance and encourage our employees to balance meaningful careers with their health and family time. The Group also encourages our employees to keep fit and healthy through sporting and recreational activities. These activities allow employees to build up teamwork and enhance the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

During FY2020, there were no reports of any work related injury and accident or any workers with high incidence or high risk of diseases related to their job occupation within our Group. The Group targets to continue to maintain a zero rate of work related injury and accident record.

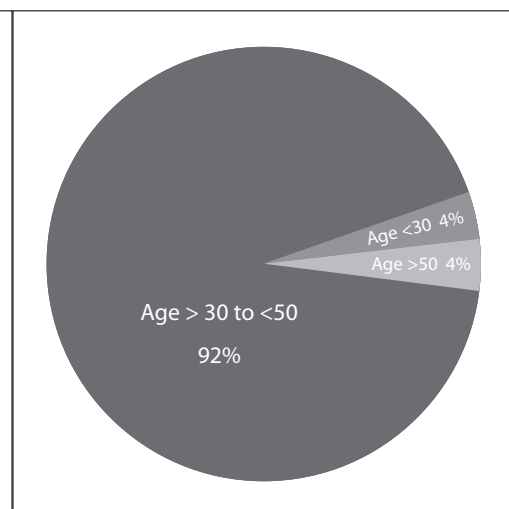
4.3.2 DIVERSITY AND EQUAL OPPORTUNITY

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

Employee by Gender



Employee by Age Group



4.4 MATERIAL FACTOR – ECONOMIC PERFORMANCE

Please refer to page 2 of the Group's 2020 Annual Report for the Financial Review and the Operation Review.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

The directors present their statement to the members together with the audited financial statements of China Mining International Limited (the "Company") and subsidiaries (the "Group"), the statement of changes in equity for the financial year ended 31 December 2020 and the statement of financial position of the Company as at 31 December 2020.

In the opinion of the directors,

- (a) the statement of financial position and the statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 51 to 123 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 2020 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Directors

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

Guo Yinghui	Chairman and Executive Director
Zhai Kebin	Chief Executive Officer and Executive Director (Appointed on 30 November 2020)
Dong Lingling	Executive Director
Lim Han Boon	Independent Director
Ning Jincheng	Independent Director
Chan Siew Wei	Independent Director

Directors' interests in shares or debentures

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

	Direct interests		Deemed interests	
	At 1 January 2020	At 31 December 2020	At 1 January 2020	At 31 December 2020
Company				
<i>Ordinary shares of S\$0.008 each</i>				
Guo Yinghui	17,985,000	17,985,000	32,240,000 ⁽ⁱ⁾	32,240,000 ⁽ⁱ⁾
Dong Lingling	554,900 ⁽ⁱⁱ⁾	554,200 ⁽ⁱⁱ⁾	-	-

Notes:

- (i) Mr Guo Yinghui is deemed to be interested in the 14,560,000 (2019: 14,560,000) shares held by his spouse, Mdm Feng Li and the 17,680,000 (2019: 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 is one of the directors, and its shares are fully owned by him.
- (ii) The shares of Ms Dong Lingling are registered in the name of Philip Securities Pte Ltd.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

Directors' interests in shares or debentures (Continued)

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 2021 were the same at 31 December 2020.

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

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

Share options

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

Audit committee

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

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

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

- the audit plan of the Company's independent auditors and any recommendations on internal accounting controls arising from the audit;
- the assistance given by the Company's management to the independent auditors;
- the periodic results announcements prior to their submission to the Board for approval;
- the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2020 prior to their submission to the Board of Directors, as well as the independent auditor's report on these financial statements; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

Audit committee (Continued)

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

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

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

Independent auditors

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

On behalf of the Board of Directors

ZHAI KEBIN

Chief Executive Officer and Executive Director

DONG LINGLING

Executive Director

19 March 2021

INDEPENDENT AUDITOR'S REPORT

To the members of China Mining International Limited



Crowe Horwath First Trust LLP

9 Raffles Place
#19-20 Republic Plaza Tower 2
Singapore 048619
Main +65 6221 0338
www.crowe.sg

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of China Mining International Limited (the "Company") and its subsidiaries (the "Group") set out on pages 51 to 123, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with International Financial Reporting Standards (IFRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of China Mining International Limited

Key Audit Matters (Continued)

Valuation of the investment in the equity interest in Sino Feng Refer to the following notes to the financial statements Note 10 "Financial assets, at fair value through other comprehensive income (FVOCI)" Note 3(i)(a) "Critical accounting estimates and assumptions"	
The key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2020, the Group has an investment in unquoted equity of RMB 60,909,000 carried at fair value (2019: RMB 70,332,000), representing 57% (2019: 54%) of total assets of the Group. Fair value loss recognised in Other Comprehensive Income for the year amounting to RMB 9,423,000 (2019: RMB 7,776,000) represented 37% (2019: 25%) of the Group's total comprehensive loss for the year.</p> <p>Management has engaged an external valuer to perform a valuation of the mining project underlying the investment in Sino Feng Mining International S.à.r.l. ("Sino Feng") to determine the fair value of this equity investment. The valuation process involved significant judgement in estimating future cash flows, especially that of the iron ore selling price, license renewal period, discount rate, capital and operating expenditure. Due to the high level of judgement required and the presence of significant estimation uncertainty involved, this has been identified as a Key Audit Matter.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • Considered the appropriateness of the valuation methodology and tested the data used by management and the external valuer. • Reviewed the significant assumptions underlying the projected cash flows, including the projected iron ore selling price, license renewal period, discount rate, capital expenditure, and considered relevant external and internal factors. • Engaged our internal valuation specialists to assist in the review of the variables and outcomes in the valuation report of the mining project underlying the investment, including challenging the valuation methods, testing the mathematical accuracy of the discounted cash flows model, assessing the reasonableness of the significant assumptions used and comparing against available market data. • Evaluated the sensitivity of the significant assumptions by considering downside scenarios against reasonably plausible changes to the significant assumptions and challenged management's fair value assessment on the investment in accordance with the requirements of IFRS 13; and • Evaluated the adequacy and appropriateness of the relevant disclosures in relation to the judgement and valuation techniques used to determine the fair value of the equity investment. <p>Based on the results of our audit procedures performed, we found the methodology applied and the significant assumptions underlying the valuation of the investment applied by the Group to be within range of estimates used in our evaluation.</p> <p>We also considered the relevant disclosures in the consolidated financial statements to be appropriately describing the inherent degree of estimation uncertainty.</p>

INDEPENDENT AUDITOR'S REPORT

To the members of China Mining International Limited

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT

To the members of China Mining International Limited

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Crowe Horwath First Trust LLP

Public Accountants and
Chartered Accountants
Singapore

19 March 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020
(Amounts in thousands of Chinese Renminbi ("RMB"))

	Note	Group		Company	
		2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	784	1,141	6	8
Right-of-use assets	7	-	-	-	-
Land use rights	8	43	45	-	-
Subsidiaries	9	-	-	128,200	128,200
Financial assets, at FVOCI	10	60,909	70,332	60,909	70,332
Deferred tax assets	21	1,045	1,302	-	-
		<u>62,781</u>	<u>72,820</u>	<u>189,115</u>	<u>198,540</u>
Current assets					
Financial assets, at FVPL – structured deposits	11	21,000	2,740	-	-
Financial assets, at FVPL – quoted securities	12	8,365	-	-	-
Completed properties for sale	13	8,985	11,704	-	-
Other receivables, deposits and prepayments	14	2,941	12,313	91	115
Amounts due from related parties (non-trade)	15	-	-	-	-
Amounts due from joint ventures (non-trade)	16	-	-	-	-
Pledged bank deposits	18, 36(i)	750	1,133	-	-
Cash and cash equivalents	19	1,919	29,159	796	920
		<u>43,960</u>	<u>57,049</u>	<u>887</u>	<u>1,035</u>
TOTAL ASSETS		<u>106,741</u>	<u>129,869</u>	<u>190,002</u>	<u>199,575</u>

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

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

	Note	Group		Company	
		2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
LIABILITIES					
Current liabilities					
Trade payables		2,503	2,544	-	-
Contract liabilities	29	57	57	-	-
Accruals and other payables	20	17,025	21,575	574	499
Amounts due to a related party (non-trade)	15	34	-	-	-
Amounts due to joint ventures (non-trade)	16	-	-	-	-
Amounts due to subsidiaries (non-trade)	17	-	-	122,991	124,943
Lease liabilities	22	481	827	-	-
Share-margin financing facility	12	1,928	-	-	-
Income tax payable		3,137	3,039	-	-
		<u>25,165</u>	<u>28,042</u>	<u>123,565</u>	<u>125,442</u>
Non-current liability					
Lease liabilities	22	-	459	-	-
TOTAL LIABILITIES		<u>25,165</u>	<u>28,501</u>	<u>123,565</u>	<u>125,442</u>
NET ASSETS		<u>81,576</u>	<u>101,368</u>	<u>66,437</u>	<u>74,133</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Issued capital	23	7,083	5,897	7,083	5,897
Share premium	24	228,745	224,594	228,745	224,594
Treasury shares	25	(18)	(18)	(18)	(18)
Distributable reserve	26	267,600	267,600	267,600	267,600
Capital reserve		49,031	49,031	-	-
Fair value deficit	27	(9,522)	(99)	(9,522)	(99)
Accumulated losses		(461,343)	(445,637)	(427,451)	(423,841)
TOTAL EQUITY		<u>81,576</u>	<u>101,368</u>	<u>66,437</u>	<u>74,133</u>

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi ("RMB"))

	Note	2020 RMB'000	2019 RMB'000
Revenue from contracts with customers	28	3,156	5,030
Cost of sales		<u>(2,719)</u>	<u>(3,659)</u>
Gross profit		437	1,371
Share of losses of joint ventures		-	(35)
Selling and distribution expenses		(47)	(45)
General and administrative expenses		(15,009)	(23,378)
Written-back of impairment of financial assets, net	4(ii)	2,071	1,809
Other income	30	1,078	1,676
Other expenses	31	(3,821)	(4,977)
Finance income	32(a)	177	382
Finance expense	32(b)	<u>(237)</u>	<u>(140)</u>
Loss before tax	33	(15,351)	(23,337)
Tax expense	34	<u>(355)</u>	<u>(44)</u>
Loss for the year		<u>(15,706)</u>	<u>(23,381)</u>
Other comprehensive loss, net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Equity investment at FVOCI - net change in fair value	10	<u>(9,423)</u>	<u>(7,776)</u>
Total comprehensive loss for the year		<u>(25,129)</u>	<u>(31,157)</u>
Loss attributable to:			
Equity holders of the Company		<u>(15,706)</u>	<u>(23,381)</u>
Total comprehensive loss attributable to:			
Equity holders of the Company		<u>(25,129)</u>	<u>(31,157)</u>
Loss per share (RMB cents)			
- Basic and diluted	35	<u>(10.01)</u>	<u>(15.94)</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi ("RMB"))

Group	Attributable to equity holders of the Company							
	Issued capital	Share premium	Treasury shares	Distributable reserve	Capital reserve ⁽ⁱ⁾	Fair value	Accumulated losses	Total equity
						reserve / (deficit)		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1.1.2019	5,897	224,594	(18)	267,600	49,031	7,677	(422,256)	132,525
Loss for the year	-	-	-	-	-	-	(23,381)	(23,381)
Other comprehensive loss, net of tax:								
- Equity investment at FVOCI - net change in fair value	-	-	-	-	-	(7,776)	-	(7,776)
Balance at 31.12.2019	5,897	224,594	(18)	267,600	49,031	(99)	(445,637)	101,368
Balance at 1.1.2020	5,897	224,594	(18)	267,600	49,031	(99)	(445,637)	101,368
Loss for the year	-	-	-	-	-	-	(15,706)	(15,706)
Other comprehensive loss, net of tax:								
- Equity investment at FVOCI - net change in fair value	-	-	-	-	-	(9,423)	-	(9,423)
Contribution by owners								
- Issue of ordinary shares	1,186	4,151	-	-	-	-	-	5,337
Balance at 31.12.2020	7,083	228,745	(18)	267,600	49,031	(9,522)	(461,343)	81,576

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.

Company	Attributable to equity holders of the Company							
	Issued capital	Share premium	Treasury shares	Distributable reserve	Capital reserve ⁽ⁱ⁾	Fair value	Accumulated losses	Total equity
						reserve / (deficit)		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1.1.2019	5,897	224,594	(18)	267,600	49,031	7,677	(420,867)	84,883
Loss for the year	-	-	-	-	-	-	(2,974)	(2,974)
Other comprehensive loss, net of tax:								
- Equity investment at FVOCI - net change in fair value	-	-	-	-	-	(7,776)	-	(7,776)
Balance at 31.12.2019	5,897	224,594	(18)	267,600	49,031	(99)	(423,841)	74,133
Balance at 1.1.2020	5,897	224,594	(18)	267,600	49,031	(99)	(423,841)	74,133
Loss for the year	-	-	-	-	-	-	(3,610)	(3,610)
Other comprehensive loss, net of tax:								
- Equity investment at FVOCI - net change in fair value	-	-	-	-	-	(9,423)	-	(9,423)
Contribution by owners								
- Issue of ordinary shares	1,186	4,151	-	-	-	-	-	5,337
Balance at 31.12.2020	7,083	228,745	(18)	267,600	49,031	(9,522)	(427,451)	66,437

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi ("RMB"))

	Note	2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
Loss before tax		(15,351)	(23,337)
Adjustments:			
Depreciation of property, plant and equipment	6	377	2,099
Depreciation of right-of-use assets	7	-	810
Amortisation of land use rights	8	2	2
Gain on disposal of joint ventures		-	(500)
Gain on disposal of option to purchase of property	14, 30	(1,000)	-
Rent concession and rebates	22	(147)	-
Impairment loss of property, plant and equipment	6, 31	-	1,689
Impairment loss of right-of-use assets	7, 31	-	1,240
Impairment loss of completed properties for sale, net	13	-	2,040
Impairment loss of amounts due from related parties	31	-	8
Reversal of allowance for impairment of amounts due from joint ventures		-	(1,817)
Reversal of allowance for impairment of amounts due from related parties	4(ii),15	(33)	-
Reversal of allowance for impairment of amounts due from other receivables	4(ii),14	(2,038)	-
Interest income	32(a)	(177)	(382)
Interest expense	32(b)	237	140
Gain on disposal of property, plant and equipment	30	-	(280)
Share of losses of joint ventures		-	35
Fair value gain on financial assets, at FVPL - structured deposits	11	(49)	(647)
Fair value loss on financial assets, at FVPL - quoted securities	12	3,138	-
Exchange difference		768	69
Operating profit loss before working capital changes		(14,273)	(18,831)
Completed properties for sale		2,719	3,658
Other receivables, deposits and prepayments		1,410	254
Pledged bank deposits		383	724
Trade payables		(41)	(328)
Contract liabilities		-	(1,916)
Accruals and other payables		(4,539)	3,462
Advances from / (Repayment to) related parties	5	34	(520)
Financial assets, at FVPL - quoted securities	12	24,688	-
Cash from / (used in) operations		10,381	(13,497)
Income tax paid		-	(343)
Net cash from / (used in) operating activities		10,381	(13,840)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi ("RMB"))

	Note	2020 RMB'000	2019 RMB'000
Cash flows from investing activities			
Repayment from joint ventures	5	-	2,993
Repayment to joint ventures partner	5	-	(11)
Loan to a third party	5	-	(12,000)
Repayment from a third party		-	12,000
Interest received		177	382
Financial assets, at FVPL – structured deposits			
- Additions	11	(47,850)	(146,200)
- Redemption	11	29,639	160,307
Purchase of property, plant and equipment	6	(20)	(641)
Refunds from and proceeds for transfer of option to purchase office premises	14	11,000	-
Proceeds from disposal of property, plant and equipment		-	356
Proceeds from disposal of joint ventures		-	500
Net cash (used in) / from investing activities		<u>(7,054)</u>	<u>17,686</u>
Cash flows from financing activities			
Repayment of interest		(233)	(140)
Repayment of lease liabilities	22	(658)	(301)
Repayment of margin facilities	12	(34,267)	-
Issue of new ordinary shares	23, 24	5,337	-
Net cash used in financing activities		<u>(29,821)</u>	<u>(441)</u>
Net (decrease) / increase in cash and cash equivalents		(26,494)	3,405
Cash and cash equivalents at beginning of the year		29,159	25,824
Exchange difference on cash and cash equivalents		(746)	(70)
Cash and cash equivalents at end of the year	19	<u>1,919</u>	<u>29,159</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

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 Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is at China Henan Province, Zheng Zhou City, Jin Shui District, Intersection of Zhong Wang Road and Zheng Guang North Street, Zhong Chuang Building 6 Floor Unit 605, Henan 450000.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are shown in Note 9. 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 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 19 March 2021.

2. PROPOSED DIVERSIFICATION OF THE EXISTING CORE BUSINESS

The Group is currently engaged in the business of investment holding and property development as well as the exploration and mining of mineral resources (the “Existing Core Business”).

As announced by the Company on 21 January 2021, with regard to the Company’s long pursuit of its proposed acquisition 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) (the “Target”) with a view to diversify into business of agriculture (the “Proposed Acquisition”), the Company had on the same date entered into a binding term sheet (the “Term Sheet”) with China Focus International Limited (中置国际有限公司) (“China Focus”) and Profit Run Developments Limited (润辉发展有限公司) (“Profit Run”) so as to acquire from these entities their respective shareholdings in the entire issued and paid-up share capital of Fully Rich International Investment Limited (广富国际投资有限公司) (“Guang Fu”), which in turns owns 63.11% of the registered capital of the Target. The Target, China Focus and Profit Run are controlled by the Group’s Chairman and Executive Director.

The Term Sheet, as well as the acquisition contemplated therein, is subject to the relevant parties thereto entering into a sale and purchase agreement. If the relevant sale and purchase agreement is not entered into within 12 weeks (or such later date as the relevant parties may agree in writing) following the execution of the Term Sheet, the relevant parties shall be entitled to terminate the Term Sheet. Discussions and negotiations on the finalisation of the key terms and conditions for the Proposed Acquisitions are still ongoing at the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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

Adoption of new and revised standards

On 1 January 2020, the Group adopted the new or amended IFRS and Interpretations of IFRS ("IFRIC") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and IFRIC. The adoption of these new or amended IFRS and IFRIC did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years, except as disclosed below:

Early adoption of Amendments to IFRS 16: Covid-19-Related Rent Concessions

The Group has elected to early adopt the amendments to IFRS 16 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession occurring as a direct consequence of Covid-19 is a lease modification, if all the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

The Group has elected to apply this practical expedient to all office premise leases. As a result of applying the practical expedient, rent concessions of RMB 463,000 (Note 33) was recognised as negative variable lease payments in the profit or loss during the year, which is reflected as a reduction of short-term lease expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective

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

Descriptions	Effective for annual periods beginning on or after
Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9, and IFRS 16: <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendments to IFRS 3: <i>Reference to Conceptual Framework</i>	1 January 2022
Amendments to IAS 16: <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to IAS 37: <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to IFRSs 2018-2020	1 January 2022
- Amendments to IFRS 1 <i>First-time Adoption of FRS</i>	
- Amendments to IFRS 9 <i>Financial Instruments</i>	
- Amendments to Illustrative Examples accompanying IFRS 16 <i>Leases</i>	
- Amendments to IAS 41 <i>Agriculture</i>	
Amendments to IAS 1: <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
Amendments to IAS 1: <i>Disclosures of Accounting Policies</i>	1 January 2023
Amendments to IAS 8: <i>Definition of Accounting Estimates</i>	1 January 2023
IFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to IFRS 10 and IAS 28: <i>Sales or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

Except for the Amendments to IFRS 3, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of amendments to IFRS 3 is described below:

Amendments to IFRS 3: *Reference to the Conceptual Framework*

In addition to updating the references to the revised Conceptual Framework for Financial Reporting, the amendments add a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination. The amendments also explicitly state that an acquirer does not recognise contingent assets acquired in a business combination. Entities shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if the entity applies all amendments made by the *Amendments to references to the Conceptual Framework* at the same time or earlier.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting

(i) Subsidiaries

(a) Basis of consolidation

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

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

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

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

- 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(a) Basis of consolidation (Continued)

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(b) Acquisition of businesses

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

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

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 IFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(b) Acquisition of businesses (Continued)

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

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

(c) Disposals of subsidiaries or businesses

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

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

(ii) Joint ventures (equity-accounted investees)

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

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

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

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

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

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

Subsidiaries and joint ventures

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

Currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Currency translation (Continued)

(ii) Transactions and balances (Continued)

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

Property, plant and equipment

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

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

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

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

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

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)”.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land use rights

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

Impairment of non-financial assets

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

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

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

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

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

Financial assets and liabilities

(i) Initial recognition and measurement

Trade receivables are initially recognised when they are originated. Other financial assets and financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (Continued)

(ii) Classification and subsequent measurement

Financial assets

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

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

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

Financial assets at amortised costs

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

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

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

Debt investments at FVOCI

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets (Continued)

Equity investments at FVOCI

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

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

Financial assets at FVPL

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

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

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

As at 31 December 2020 and 31 December 2019, the Group does not have other categories of financial assets other than financial assets, at FVOCI, financial assets, at FVPL and financial assets at amortised costs.

Financial liabilities

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

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

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

As at 31 December 2020 and 31 December 2019, the Group does not have other categories of financial liabilities except for financial liabilities at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (Continued)

(iii) Derecognition

Financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial assets. On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the derecognition date and the sum of the consideration received is recognised in profit or loss.

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

Financial liabilities

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

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

(iv) Offsetting

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

Impairment of financial assets

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

- Financial assets at amortised costs (other receivables and deposits, pledged bank deposits and cash and cash equivalents)
- Financial guarantee contracts

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach

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

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

Significant increase in credit risk (Stage 2)

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

Definition of default

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligation in full, without recourse by the Group.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

Credit-impaired (Stage 3)

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

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

Write-off policy

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

Fair value estimation of financial assets and liabilities

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Completed properties for sale

Completed properties for sale are properties held for sale in the ordinary course of business, rather than to be held for the Group’s own use, rental or capital appreciation. Completed properties for sale are stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total land costs, development costs and capitalised borrowing costs based on floor area of the unsold properties.

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

Leases

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

(i) As lessee

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

ROU asset

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

Whenever the Group incurs obligations for costs to dismantle and remove a leased asset, restore the site or the underlying asset to the condition required by the terms and conditions of the lease contract, a provision is recognised and measured under IAS 37; and included in the carrying amount of the ROU assets to the extent that the costs relate to a ROU asset.

ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from commencement date to the earlier of end of lease terms and useful life of the ROU assets. In addition, the ROU assets are also adjusted for certain remeasurement of lease liability.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

(i) As lessee (Continued)

Lease liability

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

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

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

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

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

The Group presents the lease liabilities as a separate line item on the statements of financial position.

Exemption / exclusion

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

(i) As lessee (Continued)

Covid-19 Rent concessions

The Group has applied the practical expedients under *Amendments to IFRS 16: Covid-19-Related Rent Concessions* and hence is not required to assess whether eligible rent concessions that are direct consequence of the Covid-19 are lease modifications. The Group applies the practical expedient to the office premises and recognises the effect in profit or loss as a reduction of lease expenses.

Provisions

General

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

Onerous contract provision

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract is lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of expected costs of terminating the contract and the expected net cost of continuing the contract. Before such provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Financial guarantee

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

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 non-distributable capital reserve of the Company.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Unless otherwise mentioned, the Group concludes that it is acting as a principal in the provision of goods or services in its contracts with customers.

Sales of completed properties

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

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

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

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

Sales deposit and instalments received from customers prior to the transfer of control are included in “Contract liabilities”.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest income

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

Employees’ benefits

(i) Short-term employee benefits

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

(ii) Retirement benefits

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

People’s Republic of China (“PRC”)

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

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

(iii) Employee leave entitlement

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

Income tax

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

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

All income from sale of properties in the PRC is subject to Land Appreciation Tax (“LAT”) at progressive rates under the PRC tax laws and regulations. Management has to estimate the LAT progress rate to provide for LAT in accordance with the PRC tax laws and regulations. The management considered the provision of LAT, as disclosed in Note 34 to be adequate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

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

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

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

Government grants

Government grants are recognised at their fair value when there is reasonable assurance that the grant will be received and that the Group will comply with all the attached conditions. When the grant relates to expenses, it is recognised in profit or loss as a deduction of the related expenses on a systematic basis in the periods in which the related costs, for which it intended to compensate, are recognised as expenses, unless the conditions are met after the related expenses have been recognised. In that case, the grant is recognised when it becomes receivable.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Cash and cash equivalents

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

Contingencies

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

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

Segment reporting

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments

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

(i) Critical accounting estimates and assumptions

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

(a) Valuation of financial assets, at FVOCI

Management has measured the fair value of the financial assets, at FVOCI representing the unquoted equity investment of 40.15% in Sino Feng using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable data when possible, but when this is not feasible, a degree of judgement is required in establishing the fair value. The critical assumptions include significant judgement in estimating future cash flows, especially the iron ore selling price, license renewal period, discount rate, capital and operating expenditure, etc. Changes in these key assumptions could affect the reported fair value of financial assets, at FVOCI. The valuation technique and assumptions as well as the relevant sensitivity analysis are described in Note 10.

(b) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Management applies the value in use method to determine the recoverable amounts of the non-financial assets. The value in use calculation is based on a forecasting future cash flow model. The cash flows are derived from the budget for the following 12 months and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. In estimating the future cash flows, management has taken into account past performance, operating expenses and the Group's business plan.

The carrying amounts of property, plant and equipment and right-of-use assets and further details of the impairment are disclosed in Note 6 and 7 to the financial statements.

(c) Impairment of other receivables

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments (Continued)

(i) Critical accounting estimates and assumptions (Continued)

(c) *Impairment of other receivables (Continued)*

Included in the total assets of the Group as at 31 December 2020 was other receivables with carrying amount of RMB 2,154,000 (2019: RMB 799,000), which was stated after allowance made for impairment loss amounting to RMB 10,000,000 (2019: RMB 12,038,000). The factors considered by the management in individually determining that these balances were impaired are disclosed in Note 4(ii) and 14(i). Any change in the financial standing or probability of the recovery of such balances may result in adjustment to these carrying amounts within the next financial year.

(d) *Impairment of investment in subsidiaries*

When there is an indication that a subsidiary has suffered an impairment loss, for example the subsidiary is in capital deficit and has suffered operating losses; an assessment is made as to whether the investment in the subsidiary has suffered any impairment, in accordance with the stated accounting policy. An estimate on the recoverable amount is the higher of its fair value less costs to sell and its value in use. As at 31 December 2020, the total carrying amount of investment in subsidiaries is RMB 128,200,000 (2019: RMB 128,200,000), after net of impairment of RMB 464,334,000 (2019: RMB 464,334,000).

On the other hand, the recoverable amount of Elegant Jade (Note 9), is not further impaired during the current year, taking into account the balance due to Elegant Jade amounting to RMB 122,991,000 (2019: RMB 124,943,000), its liquid assets and net assets position.

(e) *Income taxes*

Corporate Income Tax (“CIT”)

Significant estimates are involved in determining the Group’s provision for income taxes, including the deductibility of certain expenses and construction costs. There are certain transactions and computations for which the ultimate tax determination is uncertain until the finalisation of CIT at the completion of the entire development project. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax in the period in which such determination is made.

The carrying amount of the Group’s CIT payable at the end of the reporting period was approximately RMB 6,347,000 (2019: net CIT payable of RMB 6,359,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments (Continued)

(i) Critical accounting estimates and assumptions (Continued)

(e) *Income taxes (Continued)*

Land Appreciation Tax ("LAT")

LAT is levied on properties developed by the Group for sale in the PRC, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, and relevant property development expenditures. However, the Group has not finalised its LAT calculation of the current project with the local tax authorities in the PRC and has paid LAT based on pre-determined rates. The Group recognised LAT based on management's best estimates according to understanding of the tax laws, regulations and practices as advised by local tax expert. Given the uncertainties of the calculation basis of LAT to be interpreted by the local tax bureau may be different from the management estimates, the actual outcomes may be higher or lower than that estimated at the end of the reporting period.

If the estimated allowable deductible expenses increases / decreases by 3.00% (2019: 3.00%) from management's estimates, the Group expects the accumulated LAT expenses up to 31 December 2020 will decrease / increase by approximately RMB 3,455,000 (2019: RMB 4,118,000).

The carrying amount of the Group's LAT recoverable at the end of the reporting period was approximately RMB 3,210,000 (2019: RMB 3,320,000). The carrying amount of the LAT recoverable has been net off against the CIT payable balance as at 31 December 2020 and 2019.

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

Deferred tax assets not recognised

The Group has unrecognised tax losses carried forward amounting to RMB 44,878,000 (2019: RMB 36,320,000). These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither temporary taxable differences nor any tax planning opportunities available that could support the recognition of any of these losses as deferred tax assets. The expiry dates of such tax losses are disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments (Continued)

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

The following are the judgements made by management in the process of applying the Group’s accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(a) *Accounting for bundled sales agreement*

On 26 April 2019 and 4 December 2019, the Group has entered into a bundled sales agreement and supplementary agreement with a third-party company, Henan Xinhong Property Agency Co., Ltd. (“Xinhong”, or “the Agent”) to engage Xinhong to act as sales and marketing agent for the Group’s remaining unsold completed properties. Based on this agreement, the agency period covers one year from 24 April 2019 to 23 April 2020 during which both parties have the rights to sell the properties.

On 4 December 2020, a supplementary agreement was entered by the Group and the Agent, with the terms remain unchanged, the agency period is further extended to 31 December 2021.

The mutually-agreed bundled price of RMB 13,500,000 (inclusive of sales tax) has been fully paid in advance by Xinhong during the previous year as refundable deposit. When the Agent secures a buyer, the Group enters into sale and purchase agreements with those individual buyers, and refund the receipts to the Agent. When the Group secures a buyer, the Group is entitled to retain the portion of the receipts above the agreed bundled unit price. At the end of the agency period, the Group will process the transfer of legal title of all remaining unsold units to Xinhong, and the proceeds will be satisfied by the balance of refundable deposit then. Since the contract inception, cumulative revenue of RMB 4,651,000 (2019: RMB 1,495,000) has been recognised from units sold by the Agent, reducing the refundable deposit balance to RMB 8,569,000 as at 31 December 2020 from RMB 11,900,000 as at 31 December 2019 (Note 20(ii)).

Based on the facts and circumstances and the nature of the counterparty, at contract inception and at reporting date, the Group has assessed that during the agency period, the control over the unsold units is not transferred to the Agent who has not obtained the ability to direct the use of and obtain substantially all of the remaining benefits from the unsold units, in view of:

- The Group’s ability under the agreement to source for buyers and realise the unsold units at amounts above the contracted price with the Agent, and
- in the event of any quality issue raised by individual buyers sourced by the Agent, the Group will have to repair at its own costs and the Agent is entitled to exercise its rights to exclude the particular property unit from the bundled sales arrangement and seek refund of the relevant deposit.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgments (Continued)

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

(b) Determining when control of property sold is transferred to the customers

Significant judgements are required to determine when the Group has transferred the control of properties sold to the customers, which requires examination of the circumstances of the transactions, including the contract terms, the Group's business practice and the legal and regulatory environment in which the property sales activities are taking place. In assessing the point in time when control of the properties sold are transferred to the customer, management considered that the control is transferred when full payment is received from the customers and their financier, and the property is ready for handover as stipulated in the sale and purchase agreement.

When physical possession of properties is not transferred solely due to the customers' delay in completing the hand-over procedures, the Group has deemed that the properties have been handed over to the customers as specifically provided for in the sale and purchase agreements. In such circumstances, even though the customers have not formally accepted the properties as they have yet to complete the inspection procedures, the Group assessed that this will not defer the transfer of control. The Group also considers that any remaining performance obligation of custodianship is immaterial. The Group believes that the recognition basis of revenue as set out in this Note is in line with the industry practice in the PRC and complies with IFRS 15.

4. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Financial assets				
Financial assets, at FVOCI	60,909	70,332	60,909	70,332
Financial assets, at FVPL	29,365	2,740	-	-
Financial assets at amortised cost	4,619	31,356	796	920
	94,893	104,428	61,705	71,252
Financial liabilities				
Financial liabilities at amortised cost	19,767	23,180	123,565	125,442

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies

(i) Market risk

(a) Foreign exchange risk

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

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

Group 2020	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	1,950	-	-	-	1,950
Cash and cash equivalents	556	1,118	57	188	1,919
Pledged bank deposits	750	-	-	-	750
Financial assets, at FVPL – structured deposits	21,000	-	-	-	21,000
	24,256	1,118	57	188	25,619
Financial liabilities					
Trade payables	2,503	-	-	-	2,503
Accrual and other payables	14,422	-	-	399	14,821
Lease liabilities	481	-	-	-	481
Amounts due to a related party	-	34	-	-	34
Share-margin financing facility	1,928	-	-	-	1,928
	19,334	34	-	399	19,767
Net financial assets / (liabilities)	4,922	1,084	57	(211)	5,852
Less: Net financial assets denominated in the respective entities’ functional currency	(4,922)	-	-	-	(4,922)
Foreign currency exposure	-	1,084	57	(211)	930

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Group 2019	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	1,064	-	-	-	1,064
Cash and cash equivalents	15,904	13,051	106	98	29,159
Pledged bank deposits	1,133	-	-	-	1,133
Financial assets, at FVPL	2,740	-	-	-	2,740
	<u>20,841</u>	<u>13,051</u>	<u>106</u>	<u>98</u>	<u>34,096</u>
Financial liabilities					
Trade payables	2,544	-	-	-	2,544
Accrual and other payables	18,851	-	-	499	19,350
Lease liabilities	1,286	-	-	-	1,286
	<u>22,681</u>	<u>-</u>	<u>-</u>	<u>499</u>	<u>23,180</u>
Net financial (liabilities) / assets	(1,840)	13,051	106	(401)	10,916
Less: Net financial liabilities denominated in the respective entities' functional currency	1,840	-	-	-	1,840
Foreign currency exposure	<u>-</u>	<u>13,051</u>	<u>106</u>	<u>(401)</u>	<u>12,756</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Company 2020	Renminbi RMB'000	United States dollar RMB'000	Hong Kong dollar RMB'000	Singapore dollar RMB'000	Total RMB'000
Financial assets					
Cash and cash equivalents	-	609	55	132	796
	-	609	55	132	796
Financial liabilities					
Accruals and other payables	175	-	-	399	574
Amounts due to subsidiaries (non-trade)	122,991	-	-	-	122,991
	123,166	-	-	399	123,565
Net financial (liabilities) / assets	(123,166)	609	55	(267)	(122,769)
Less: Net financial liabilities denominated in the Company's functional currency	123,166	-	-	-	123,166
Foreign currency exposure	-	609	55	(267)	397
Company 2019					
Financial assets					
Cash and cash equivalents	-	752	103	65	920
	-	752	103	65	920
Financial liabilities					
Accruals and other payables	80	-	-	419	499
Amounts due to subsidiaries (non-trade)	124,943	-	-	-	124,943
	125,023	-	-	419	125,442
Net financial (liabilities) / assets	(125,023)	752	103	(354)	(124,522)
Less: Net financial liabilities denominated in the Company's functional currency	125,023	-	-	-	125,023
Foreign currency exposure	-	752	103	(354)	501

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Foreign exchange risk sensitivity analysis

The following table details the sensitivity to a 5% (2019: 5%) strengthening and weakening in the relevant foreign currencies against the Renminbi. 5% (2019: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the Group's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% (2019: 5%) change in foreign currency rates.

If the relevant foreign currencies weaken by 5% (2019: 5%) against the Renminbi, loss for the year will increase / (decrease) by:

	United States dollar impact		Hong Kong dollar impact		Singapore dollar impact	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Group						
Loss for the year	41	489	2	4	(8)	(15)
Company						
Loss for the year	23	28	2	4	(10)	(13)

A 5% (2019: 5%) strengthening of the relevant foreign currencies against the Renminbi at 31 December would have had the equal but opposite effect on loss for the year on the basis that all other variables remained constant.

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

(b) Interest rate risk

The Group and Company has no significant exposure to cash flows due to changes in interest rate as its interest-bearing financial instruments, primarily pledged bank deposits (Note 18) and share-margin financing facility (Note 12) carry fixed interest rates. Accordingly, no sensitivity analysis was prepared.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(c) Equity price risk

The Group is exposed to equity price risks arising from its investment in quoted securities which are classified as financial assets, at FVPL. These equity securities are listed on stock exchange in PRC. The Group manages its price risk arising from such investments by diversifying its portfolio in accordance with the limits set by the Group.

Further details of these equity instruments can be found in Note 12 to the financial statements.

Equity price risk sensitivity

If prices for equity securities listed in PRC had changed by 10% (2019: Nil) with all other variables including tax rate being held constant, the effects on loss for the year and other comprehensive income would have been:

2020	Effect RMB'000	Effect in % of net assets RMB'000
Group		
Listed in PRC		
- increased by	836	1.63
- decreased by	(836)	(1.69)

(ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. For financial assets, the Group adopts the policy of dealing only with high credit quality counterparties, which are considered to be low risk. Cash and cash equivalents (Note 19), financial assets, at FVPL – structured deposits (Note 11) and pledged bank deposits (Note 18) of the Group are placed with reputable financial institutions in Singapore, PRC and Hong Kong.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Credit risk (Continued)

Expected credit losses model under IFRS 9

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

Group	Stage-1	Stage-2	Stage-3	Stage-3
	Other receivables - Others RMB'000 (Note 14)	Other receivables - Hongjing RMB'000 (Note 14(i))	Other receivables RMB'000 (Note 14(i))	Amount due from related parties RMB'000 (Note 15)

2020

Gross amount of financial assets subject to ECL as at reporting date

742 11,000 - 158

Movement of life-time ECL:

Balance at 1 January 2020 (Stage 3)

- - (12,038) (503)

ECL reversal during the year, arising from the recovery of balances

- - 2,038 33

Transfer from Stage-3 to Stage-2

- (10,000) 10,000 -

ECL written-off during the year

- - - 312

Balance at 31 December 2020

- (10,000) - (158)

Carrying amounts of financial assets, representing net exposure as at reporting date

742 1,000 - -

Group	Other receivables RMB'000 (Note 14)	Amounts due from joint ventures RMB'000 (Note 16)	Amounts due from related parties RMB'000 (Note 15)
-------	---	---	--

2019

Gross amount of financial assets subject to ECL as at reporting date

12,837 - 503

Movement of life-time ECL (Stage 3):

Balance at 1 January 2019

(12,038) (6,166) (495)

ECL recognised during the year

- - (8)

ECL reversal during the year, arising from the recovery of balances

- 1,817 -

ECL written-off during the year

- 4,349 -

Balance at 31 December 2019

(12,038) - (503)

Carrying amounts of financial assets, representing net exposure as at reporting date

799 - -

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Credit risk (Continued)

Expected credit losses model under IFRS 9 (Continued)

General 3-stages approach is applied in the ECL assessment of the above financial assets. Upon initial application of IFRS 9, management is of the view that determining whether there has been a significant increase in credit risk since initial recognition would require undue cost or effort, and hence lifetime ECL is recognised as at each reporting date until derecognition.

As at 31 December 2019, the Group considers the above ECL to be Stage 3 ECL (credit-impaired) considering that:

- Other receivables (Hongjing- as disclosed in Note 14(i)) which were fully provided had been overdue more than 3 years
- Lack of willingness of related parties to repay the amounts owed

As at 31 December 2020, the Group considers the credit risk of the other receivables due from Hongjing to be reduced and the corresponding ECL is therefore transferred from Stage 3 (credit-impaired) to Stage 2 ECL (significant increase in credit risk) during the year. Notwithstanding Hongjing has committed to an instalment plan to repay debts thus far, management considers that there is no further substantiating evidence or collaterals regarding its financial capabilities to repay the remaining amount of RMB 10,000,000 by June 2022, hence the balance of life-time ECL is still required as at balance sheet date.

The management assesses that there are no material ECL on bank balances (Note 19 and 20), and rental and other deposits (Note 14).

As at 31 December 2020, other than as disclosed elsewhere and in Note 36(i), the Group's significant credit risk exposure to single counterparty or group of counterparties having similar characteristics, are mainly described below:

- Cash and cash equivalents amounting to RMB 1,280,323 (2019: RMB 13,167,093) (Note 19) and pledged deposits (Note 18) are placed with 2 (2019: 2) of the 4 largest state-owned commercial banks in the PRC.
- Investment in financial products classified as financial assets, at FVPL (Note 11) amounted to RMB 21,000,000 (2019: RMB 2,740,000) are invested with one of the top 20 commercial banks in the PRC.

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

Financial guarantees contracts issued

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks for certain buyers' mortgage loans. Please refer to Note 36(i) on the details of nature of guarantees and the assessment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

4. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Liquidity risk

The Group maintains sufficient cash and cash equivalents to finance their activities. The following table details the remaining contractual maturity for financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	Weighted average effective interest rate %	On demand or not later than 1 year RMB'000	Later than 1 year and not later than 5 years RMB'000
Group			
2020			
Non-interest-bearing liabilities	-	17,358	-
Interest-bearing liabilities: Lease liabilities (Fixed rate)	11.00%	534	-
Share-margin financing facility	6.20%	2,048	-
Financial guarantee issued (Note 36(i)), net of bank deposits pledged	-	14,111	-
		34,051	-
2019			
Non-interest-bearing liabilities	-	21,894	-
Interest-bearing liabilities: Lease liabilities (Fixed rate)	11.00%	904	463
Financial guarantee issued (Note 36(i)), net of bank deposits pledged	-	21,529	-
		44,327	463
Company			
		2020	2019
		RMB'000	RMB'000
<u>Repayable on demand or within 1 year</u>			
Non-interest-bearing liabilities		123,565	125,442

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 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

4. FINANCIAL INSTRUMENTS (Continued)

Fair value of financial instruments

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

Fair value hierarchy

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

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

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

Group		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
2020				
Financial assets, at FVOCI				
- Unquoted equity investment	(a)	-	-	60,909
Financial assets, at FVPL				
- Structured deposits	(b)	-	21,000	-
- Quoted securities	(c)	8,365	-	-
		8,365	21,000	60,909
2019				
Financial assets, at FVOCI				
- Unquoted equity investment	(a)	-	-	70,332
Financial assets, at FVPL				
- Structured deposits	(b)	-	2,740	-
		-	2,740	70,332

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

4. FINANCIAL INSTRUMENTS (Continued)

Fair value of financial instruments (Continued)

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

- (a) For financial assets, at FVOCI, the fair value of the financial assets cannot be derived from active markets, the fair value was determined using valuation techniques, i.e. discounted cash flows model, which uses unobservable data. The inter-relationship of the significant unobservable inputs is disclosed in Note 10.
- (b) For financial assets, at FVPL - structured deposits, the fair value of the financial product investment is evaluated based on published yield rate of the investment product at the reporting date (Note 11).
- (c) For financial assets, at FVPL - quoted securities, the fair value of the financial assets is based on market prices of securities traded on exchange (Note 12).

Movements in Level 3 financial instruments measured at fair value

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

	Group	
	2020 RMB'000	2019 RMB'000
Financial assets, at FVOCI (Note 10)		
At the beginning of year	70,332	78,108
Fair value loss recognised in other comprehensive income	(9,423)	(7,776)
At end of the year	60,909	70,332

There has been no financial instrument transfer from Level 1 and Level 2 to Level 3 during financial year ended 31 December 2020 and 31 December 2019.

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

The carrying amounts of cash and cash equivalents, pledged bank deposits, trade and other receivables and payables, including amounts due to a related party, are reasonable approximation of fair value due to their short-term nature.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

5. RELATED PARTY TRANSACTIONS

Some of the arrangements with related parties (as defined in Note 3) and the effects of these bases determined between the parties are reflected elsewhere in this report. In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	Group	
	2020 RMB'000	2019 RMB'000
Advances from / (Repayment to) a related party ⁽ⁱ⁾	34	(520)
Advances from a director ⁽ⁱⁱ⁾	1,000	-
Purchase from a related party ⁽ⁱ⁾	4	96
Repayment from joint ventures	-	2,993
Repayment to joint ventures partner	-	(11)

Note:

- (i) This related party refers to certain entities which are controlled by a director of the Company.
- (ii) The advances from a director were fully repaid during the financial year ended 31 December 2020.

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

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

	Group	
	2020 RMB'000	2019 RMB'000
Short-term benefits	3,871	4,345
Post-employment benefits (defined contribution)	18	71
	<u>3,889</u>	<u>4,416</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

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 1.1.2019	220	5,214	528	5,293	11,255
Additions	-	395	246	-	641
Disposals	-	-	(117)	(2,028)	(2,145)
As at 31.12.2019	220	5,609	657	3,265	9,751
As at 1.1.2020	220	5,609	657	3,265	9,751
Additions	-	-	20	-	20
Disposals	-	-	(5)	-	(5)
As at 31.12.2020	220	5,609	672	3,265	9,766
Accumulated depreciation and impairment loss					
As at 1.1.2019	168	2,426	343	3,954	6,891
Charge for the year	-	1,494	55	550	2,099
Disposals	-	-	(116)	(1,953)	(2,069)
Impairment loss	-	1,689	-	-	1,689
As at 31.12.2019	168	5,609	282	2,551	8,610
As at 1.1.2020	168	5,609	282	2,551	8,610
Charge for the year	3	-	105	269	377
Disposals	-	-	(5)	-	(5)
As at 31.12.2020	171	5,609	382	2,820	8,982
Net carrying value					
As at 31.12.2020	49	-	290	445	784
As at 31.12.2019	52	-	375	714	1,141

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Furniture, fixtures and equipment RMB'000
Cost	
As at 1.1.2019	25
Disposals	(14)
As at 31.12.2019	11
As at 1.1.2020 and 31.12.2020	11
Accumulated depreciation	
As at 1.1.2019	15
Charge for the year	2
Disposals	(14)
As at 31.12.2019	3
As at 1.1.2020	3
Charge for the year	2
As at 31.12.2020	5
Net carrying value	
As at 31.12.2020	6
As at 31.12.2019	8

7. RIGHT-OF-USE ASSETS

Group	Leasehold building RMB'000
Cost	
As at 31 December 2019 and 31 December 2020	2,050
Accumulated depreciation and impairment loss	
As at 31 December 2019 and 31 December 2020	2,050
Net carrying value	
As at 31 December 2019 and 31 December 2020	-

The Group has operating lease agreements for office premises for a term of 3 years. Rental is fixed for the first 2 years and subject to escalation clauses of a 5% increase per annum from third year onwards. The lease agreements contain termination options which states that the lease arrangement is cancellable by each party subject to cancellation penalty of 3-month rental, which is considered more than insignificant and the lease is considered enforceable. Management is in the view that the termination options are reasonably certain not to be exercised. Except for restriction on sub-leasing for office premises, there are no restrictions or covenants imposed by the lease contracts. The corresponding lease liabilities are disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

8. LAND USE RIGHTS

	Group	
	2020 RMB'000	2019 RMB'000
Net carrying value		
At beginning of year	45	47
Amortisation	(2)	(2)
At end of year	43	45

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

During the financial year ended 31 December 2020, amortisation of RMB 2,000 (2019: RMB 2,000) has been charged to profit or loss.

9. SUBSIDIARIES

	Company	
	2020 RMB'000	2019 RMB'000
Unquoted equity shares, at cost	197,835	197,835
Deemed investment at cost ⁽ⁱ⁾	378,795	378,795
Deemed investment in a subsidiary ⁽ⁱⁱ⁾	15,904	15,904
	592,534	592,534
Less: Impairment	(464,334)	(464,334)
	128,200	128,200
<i>Represented by:</i>		
Investment in Elegant Jade ⁽ⁱⁱⁱ⁾	128,200	128,200

Notes:

- (i) Deemed investment at cost represents the amounts owing from subsidiaries which was neither likely nor plan to be recovered in the foreseeable future.
- (ii) Deemed investment in a subsidiary arose from fair value of share options granted by the Company to the employees of its subsidiary for which there are no recharges.
- (iii) The carrying amount of the Company's investment in subsidiaries as at 31 December 2020 and 31 December 2019 represents investment in Elegant Jade.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

9. SUBSIDIARIES

Particulars of the Company’s subsidiaries as at 31 December 2020 and 31 December 2019 are as follows:

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			2020	2019
			%	%
Held by the Company				
Elegant Jade Enterprises Limited (“Elegant Jade”) ^{(i) (ii)}	Investment holding	British Virgin Islands	100	100
Nice Rhythms Limited (“Nice Rhythms”) ^{(i) (ii)}	Investment holding	British Virgin Islands	100	100
China Mining Singapore Pte. Ltd. ⁽ⁱ⁾	Mining consultancy and investment holding	Singapore	100	100
Held by Elegant Jade				
Zhengzhou Shengderun Mining Co., Ltd (formerly known as “Anyang Huilong Real Estate Co., Ltd”) ⁽ⁱ⁾	Inactive	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 KunChang Properties Co., Ltd ⁽ⁱ⁾	Inactive	PRC	100	100
Xinxiang ZhengRong Real Estate Co., Ltd ⁽ⁱ⁾	Dormant	PRC	70	-

Notes:

- (i) Audited by Crowe Horwath First Trust LLP, for the purpose of expressing an opinion on the consolidated financial statements.
- (ii) Not required to be audited by the law of the country of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

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

	Group and Company	
	2020	2019
	RMB'000	RMB'000
At beginning of the year	70,332	78,108
Changes in fair value recognised in other comprehensive income	(9,423)	(7,776)
At end of the year	60,909	70,332

Representing:

Unquoted equity investments

Investment in Sino Feng Mining S.à.r.l. ("Sino Feng")

60,909	70,332
--------	--------

Judgement on classification of this investment

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

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

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

Based on the above facts and circumstances and analysis of the rights and obligations held by the Company, the Company is not able to exercise control, joint control or significant influence over Sino Feng.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

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

Particulars of the Group’s and Company’s unquoted equity investment as at 31 December 2020 is as follows:

Unquoted investment	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interests	
			2020 %	2019 %
Held by the Group and Company				
Sino Feng Mining International S.à.r.l. (“Sino Feng”)	Investment holding	Luxembourg	40.15	40.15
Held by Sino Feng, directly and indirectly				
Huixin Mining International Pty Limited	Investment holding	Republic of South Africa	100	100
Aero Wind Properties Pty Limited (“AWP”)	Investment holding	Republic of South Africa	40	40

AWP holds a mining right granted by the relevant South African authority in respect of iron ore mine located in Thabazimbi district, Limpopo Province, South Africa (the “Thabazimbi Project”). The issuance of mining licence is pending settlement of rehabilitation deposit amounting to South African Rand 10,091,000 (equivalent to RMB 5,030,000) and provision of mining programme and surveyed plan. The initial mining right period is 20 years upon issuance of the mining licence.

The Group has engaged AP Appraisal Limited, an independent Hong Kong based valuer, to evaluate the fair value of the Thabazimbi Project as at 31 December 2020. Based on income-based approach, the valuation estimated the future cash flows for the period of the estimated operating lifespan of the mine according to the resource estimation and a suitable discount rate in order to calculate the present value.

Valuation technique and assumptions

Different values of an independent variable would impact a particular dependent variable under a given set of assumptions, especially iron ore price, discount rate and total amount of resource adopted in the valuation. The discounted cash flows included 30 years of exploring and mining period with revenue generation from year 2025 and assumed the mining licence can be successfully renewed for 10 years upon expiry in 20th year. The key assumptions applied in discounted cash flows which are considered significant unobservable inputs are disclosed as below:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

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

Valuation technique and assumptions (Continued)

	Group and Company		Inter-relationship between input and fair value
	31 December 2020	1 January 2020	
Saleable product	89 million tonnes	89 million tonnes	Positive
Selling price of per tonne of iron ore *	USD 80.00 - 108.00	USD 65.00 - 85.40	Positive
Operating expenditure per tonne	USD 39.20	USD 37.96	Inverse
Capital expenditure	USD 325 million	USD 325 million	Inverse
Discount or weighted average cost of capital rate	11.50%	10.79%	Inverse
Contingency allowance	15.00%	15.00%	Inverse
Minority discount	25.00%	25.00%	Inverse
Exchange rate (USD:RMB)	6.5249	6.9762	Positive

* Based on forecast futures iron ore prices for both 2019 and 2020. Management does not expect the iron ore prices will be materially affected by the COVID-19 outbreak.

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:
 - Saleable product and selling price of iron ore were higher (lower)
 - Operating and capital expenditure were lower (higher)
 - Discount rate or weighted average cost of capital rate were lower (higher)
 - Contingency allowance were lower (higher)
 - Minority discount were lower (higher)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

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

Outcome of fair value measurement

Based on the valuation report issued by the valuer, the fair value of the financial assets at FVOCI as at 31 December 2020 is measured at RMB 60,909,000 (2019: RMB 70,332,000). The Group and the Company recognised a fair value loss amounting to RMB 9,423,000 (2019: RMB 7,776,000) during the current year. There has been no disposal of such equity investment designated at FVOCI during the financial year.

Sensitivity analysis

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

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

The following table shows the impact on the fair value of the investment as at 31 December 2020 if the key assumptions (selling price or discount rate) deviate by 1% and 0.1% respectively.

Percentage change in iron ore price	Iron ore price (USD / tonne)	Fair value of FVOCI (RMB)	Increase / (Decrease) in fair value loss (RMB)
+1%	USD 80.80 - 109.08 / tonne	66,073,000	(5,164,000)
0%	USD 80.00 - 108.00 / tonne	60,909,000	-
-1%	USD 79.20 - 106.92 / tonne	55,746,000	5,164,000

Absolute change in discount rate	Applied discount rate	Fair value of FVOCI (RMB)	Increase / (Decrease) In fair value loss (RMB)
+0.1%	11.60%	58,936,000	1,973,000
0%	11.50%	60,909,000	-
-0.1%	11.40%	62,921,000	(2,012,000)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

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

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

	Group	
	2020 RMB'000	2019 RMB'000
At beginning of the year	2,740	16,200
Addition	47,850	146,200
Redemption	(29,639)	(160,307)
Changes in fair value recognised in profit or loss (Note 30)	49	647
At end of the year	21,000	2,740
<i>Representing:</i>		
- Non-principal protected financial products	21,000	2,740

The Group invested in non-principal protected financial products with a top 20 commercial banks in the PRC. The investment does not have any fixed maturity term or coupon interest rates or yield return. For those investment redeemed during the year, the yield earned was ranging from 2.15% to 3.00% per annum (2019: 2.40% to 3.20% per annum), amounting to approximately RMB 49,000 (2019: RMB 647,000) included in "Other income" (Note 30).

These financial assets are mandatorily measured at FVPL.

12. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL) – QUOTED SECURITIES / SHARE-MARGIN FINANCING FACILITY

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

During the current financial year, the Company has disposed certain investments amounting to RMB 52,105,000 and repaid share-margin facility amounting to RMB 34,267,000. Correspondingly, the Group incurred fair value loss amounting to RMB 3,138,000, which was recognised in profit or loss as part of other expenses (Note 31).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

12. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL) – QUOTED SECURITIES / SHARE-MARGIN FINANCING FACILITY (Continued)

(a) The movement of financial assets at fair value through profit or loss in 2020 was as follows:

	Group 2020 RMB'000
<u>Quoted equity instruments in the PRC - held for trading</u>	
At beginning of the year	-
Additions, net of amount financed by share-margin facility (Note A)	63,608
Disposals	(52,105)
Fair value loss	(3,138)
At end of the year	<u>8,365</u>

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

(b) The movement of share-margin financing facility in 2020 was as follows:

	Group 2020 RMB'000
At beginning of the year	-
Additions – directly transferred to a trustee company to purchase quoted securities (Note A)	36,191
Repayment – financing cash outflows	(34,267)
Interest payable	4
At end of the year	<u>1,928</u>

Note A

	RMB'000
Purchase of quoted securities through a trustee company	(63,608)
Less: Drawdown of margin facility, directly transferred to a trustee company	36,191
Proceeds from disposal	52,105
Net cash inflow arising from purchase of quoted securities	<u>24,688</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

13. COMPLETED PROPERTIES FOR SALE

	Group	
	2020 RMB'000	2019 RMB'000
At cost	13,167	16,911
Less: Accumulated impairment loss	(4,182)	(5,207)
	8,985	11,704
Carrying amount represent net realisable value of:		
Townhouse units	7,373	9,802
Commercial units	1,510	1,718
Basement units	102	184
	8,985	11,704

During FY2019, a new bundled sales agreement has been signed with Xinhong and the remaining properties with carrying amount of RMB 11,704,000 are bundled to the agreement as at year end, which will be sold to Xinhong upon the expiry of the agreement, i.e. 23 April 2020.

On 4 December 2020, a supplementary agreement has been signed to extend the agency period to 31 December 2021, with the terms remain unchanged. Further details are disclosed in Note 3 and Note 21(ii).

The cost of completed properties recognised as expenses and included in “Cost of sales” amounted to RMB 2,719,000 (2019: RMB 3,659,000).

Movement of impairment loss of completed properties for sale:

	Group	
	2020 RMB'000	2019 RMB'000
At beginning of the year	5,207	4,588
Charge for the year	-	3,533
Write-back for the year	-	(1,493)
Net impairment (Note 31)	-	2,040
Write-off for the year	(1,025)	(1,421)
At end of the year	4,182	5,207
<u>Accumulated impairment loss at the end of the year represents:</u>		
Townhouse units	2,562	2,562
Basement units	1,196	2,163
Commercial units	424	482
	4,182	5,207

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

13. COMPLETED PROPERTIES FOR SALE (Continued)

2020

- (a) Pursuant to the supplementary agreement dated 4 December 2020 to extend the bundled sales agreement to 31 December 2021, no further impairment loss was made in the current year as the terms of the bundled sales agreement remain unchanged.
- (b) Written-off of impairment loss amounting to RMB 1,025,000 relates to the property units sold during the year, of which impairment was made in previous years.

2019

The Group has provided a net impairment loss of RMB 2,040,000 arising from:

- (a) Reversal relating to basement units amounting to RMB 1,493,000 based on the agreed contractual price in the bundled sales agreement (Note 20(ii)) entered into during the current financial year; and
- (b) An impairment loss of commercial and townhouse units amounting to RMB 3,533,000 due to agreed contractual price in the bundled sales agreement of remaining units being lower than cost.
- (c) Written-off of impairment loss amounting to RMB 1,421,000 relates to the property units sold during the year, of which impairment was made in previous years.

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

Property and address	Description	Remaining Tenure	Gross floor area (square metre)	Gross floor area (square metre)
			2020	2019
Sunny Town Located at Xinxiang New District, Western District of Xinxiang, Henan Province, the PRC	Residential and Commercial	Residential: 70 years expiring in 2076 Commercial: 40 years expiring in 2046	7,904	10,198

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Advances to staff	20	20	-	-
Other receivables ⁽ⁱ⁾	11,742	12,837	-	-
Less: Allowance for impairment	(10,000)	(12,038)	-	-
	1,742	799	-	-
Prepayment ⁽ⁱⁱ⁾	169	10,295	91	115
Prepaid rental ⁽ⁱⁱⁱ⁾	441	521	-	-
Rental deposits ⁽ⁱⁱⁱ⁾	188	245	-	-
Prepaid business and related tax	325	377	-	-
Prepaid construction costs	56	56	-	-
	2,941	12,313	91	115

Notes:

- (i) Included in the other receivables (gross) of the Group as at 31 December 2020 was an impairment loss of RMB 10,000,000 (2019: RMB 12,038,000) in connection with the remaining balance of the disposal of a piece of land located at Xinxiang New District, Western District of Xinxiang City. On 6 May 2014, one of the Company's subsidiary, Xinxiang Huilong Real Estate Co., Ltd ("Xinxiang"), entered into a supplementary agreement with the buyer, Xinxiang Hongjing Zhiye Co., Ltd (新乡宏景置业有限公司)("Hongjing"), wherein the buyer undertake to pay the sum of RMB 27,068,000, of which only RMB 15,030,000 had been recovered in financial year ended 31 December 2015.

On 23 December 2020, Xinxiang has entered into a supplementary agreement with Hongjing, which Hongjing has agreed to settle the remaining amount of RMB 12,038,000 by (a) installments of RMB 9,038,000 by 31 December 2021, (b) the remaining RMB 3,000,000 by 30 June 2022; in consideration, Xinxiang will waive late payment penalty. Hongjing has repaid RMB 1,038,000 on 24 December 2020 and RMB 1,000,000 subsequently on 2 February 2021, in compliance with the agreed instalments plan, and hence reversal of impairment has been recognised. Nevertheless, in view of the lack of certainty of the subsequent payment from Hongjing and lack of substantiating evidence or collaterals for Hongjing's financial capabilities, management considered no further reversals of impairment loss is necessary at the date of this report (Note 4(ii)).

- (ii) Included in the prepayment of the Group as at 31 December 2019 was an amount of RMB 10,000,000 paid to a third-party developer ("Developer") as down payment for the intention to purchase of a new office premise in Henan, which is currently under construction.

During the financial year, a subsidiary company, Developer and a third-party buyer ("Buyer") have entered into agreement to transfer the subsidiary's rights and obligations under the option to purchase the new office premise. The Buyer will refund the RMB 10,000,000 deposit to the Group on behalf of the Developer. The consideration for such transfer is agreed to be RMB 1,000,000, based on an agreement entered into between the subsidiary and the Buyer. The total amount of RMB 11,000,000 has been fully collected from the Buyer during the financial year. As a result, the Group has recognised a gain on transfer of the option in other income amounting to RMB 1,000,000 (Note 30).

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

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

	Group	
	2020 RMB'000	2019 RMB'000
Amounts due from related parties ⁽ⁱ⁾	158	503
<i>Less: Allowance for impairment:</i>		
At beginning of the year	(503)	(495)
Addition	-	(8)
Reversal arising from recovery of balances	33	-
Write-off for the year	312	-
At end of the year	(158)	(503)
	-	-
Amounts due to a related party ⁽ⁱⁱⁱ⁾	(34)	-

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 a related party 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.

Impairment:

During the current financial year, a reversal of impairment of RMB 33,000 (2019: impairment loss of RMB 8,000) has been recognised in profit or loss (Note 4(ii)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

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

	Group	
	2020 RMB'000	2019 RMB'000
At beginning of the year	-	-
Less: Allowance for impairment		
At beginning of the year	-	(6,166)
Reversal	-	1,817
Written off	-	4,349
At end of the year	-	-

Impairment:

The Group assess the net credit exposure of amount due from / (to) joint ventures on a net basis. During FY2018, management performed an impairment test for the amounts due from joint ventures and the Group has recognised an accumulated impairment loss of RMB 6,166,000 on its share of proportionate contribution as the joint ventures do not have revenue-generating activities. The net credit exposure was recoverable through the future contribution from the joint ventures partner to match the Group's past contribution.

As disclosed in the prior year, the joint ventures have repaid RMB 2,993,000 to the Group. In connection with this, the Group reversed the allowance for impairment of amounts due from joint ventures amounting to RMB 1,817,000 and recognised as "Written-back of impairment of financial assets, net" in profit or loss (Note 4(ii)), after offsetting against the net amount due from the same party of RMB 1,211,000. The joint ventures were disposed in previous financial year.

17. AMOUNTS DUE TO SUBSIDIARIES (NON-TRADE)

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

18. PLEDGED BANK DEPOSITS

The Group has pledged certain deposits to the state-owned commercial banks in PRC to secure their grants of mortgage loans to the buyers of the Group's properties. These deposits carry interest rate ranging from 0% to 0.3% (2019: 0% to 0.3%) per annum. The pledged bank deposits will be released upon the issuance of ownership certificates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Cash at bank	1,884	29,119	796	920
Cash on hand	35	40	-	-
Cash and cash equivalents per consolidated statement of cash flows	1,919	29,159	796	920

As at 31 December 2020, the Group has cash and cash equivalents placed with banks in the People's Republic of China denominated in RMB amounting to approximately RMB 525,000 (2019: RMB 15,869,000). 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.

20. ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Other payables				
- Construction cost payables	648	648	-	-
- Others	3,343	3,366	500	-
Accrued expenses				
- Accrued business and related taxes	2,204	2,225	-	-
- Other accrued expenses ⁽ⁱ⁾	729	1,884	74	499
Deposits				
- Refundable deposits received in advance ⁽ⁱⁱ⁾	10,101	13,452	-	-
	17,025	21,575	574	499

Notes:

- (i) Other accrued expenses of the Group and the Company include directors' fees payable amounting to RMB 77,609 (2019: RMB 77,609) and accrued bonus amounting to Nil (2019: RMB 677,070) respectively.
- (ii) Included in the refundable deposit as at 31 December 2020 was an amount of RMB 8,569,000 (2019: RMB 11,900,000) collected from an Agent in a bundled sales arrangement of the Group's remaining completed properties for sale. As disclosed in Note 3 (Critical judgment), the Group will either refund the deposit upon future sales of the units, or transfer the remaining deposits as sales proceeds from the Agent for all unsold units at the end of the agency period. On 4 December 2020, the bundled sales arrangement was extended to 31 December 2021, with terms remain unchanged.

Further details can be found in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

21. DEFERRED TAX ASSETS

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

	Impairment on completed properties for sale RMB'000
At 1.1.2019	1,147
Charge to profit or loss for the year (Note 34)	155
At 31.12.2019	<u>1,302</u>
At 1.1.2020	1,302
Credit to profit or loss for the year (Note 34)	(257)
At 31.12.2020	<u>1,045</u>
<u>Unrecognised tax losses</u>	

The PRC subsidiaries have tax losses of approximately RMB 44,878,000 (2019: RMB 36,320,000) that is available for offset against its future taxable profits subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation. The tax losses of the PRC subsidiaries expire by end of 5 years from the losses recorded, as follows:

	Group			
	2020		2019	
	RMB'000	Expiring in	RMB'000	Expiring in
Tax losses arising from financial year of:				
2015	-	2020	4,334	2020
2016	2,195	2021	2,195	2021
2017	8,539	2022	8,539	2022
2018	8,356	2023	8,356	2023
2019	12,896	2024	12,896	2024
2020	12,892	2025	-	
	<u>44,878</u>		<u>36,320</u>	

Notes:

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

Unrecognised temporary differences relating to investment in a subsidiary

Temporary differences of RMB 75,724,000 (2019: RMB 79,409,000) have not been recognised for the withholding and other taxes that will be payable on the retained earnings of a PRC subsidiary when remitted to the Company as it is not probable that the subsidiary will declare dividends in view of the cash position.

The deferred tax liability not recognised for undistributed profits is estimated to be RMB 7,572,000 (2019: RMB 7,941,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

22. LEASE LIABILITIES

	Group	
	2020 RMB'000	2019 RMB'000
Current:		
- Later than 1 year and not later than 5 years	481	827
Non-current:		
- Not later than 1 year	-	459
	481	1,286

The total cash outflows for the year for all lease contracts amounted to RMB 1,807,000 (2019: RMB 2,248,000), which includes short-term lease expenses not included in lease liabilities, as disclosed in Note 33 to the financial statements.

Reconciliation of liabilities arising from financing activities

	As at 1 January 2020 RMB'000	Financing cash flows RMB'000	Rent rebates* RMB'000	As at 31 December 2020 RMB'000
Lease liabilities	1,286	(658)	(147)	481

* Related rent concessions received from lessors to which the Group applied the practical expedient as disclosed in Note 3.

	As at 31 December 2018 RMB'000	Adoption of IFRS 16 RMB'000	As at 1 January 2019 RMB'000	Financing cash flows RMB'000	As at 31 December 2019 RMB'000
Lease liabilities	-	1,587	1,587	(301)	1,286

23. ISSUED CAPITAL

	Group and Company			
	2020		2019	
	Number of ordinary shares	S\$'000	Number of ordinary shares	S\$'000
Authorised shares at beginning and end of the year	62,500,000,000	500,000	62,500,000,000	500,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

23. ISSUED CAPITAL (Continued)

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

	Group and Company			
	2020		2019	
	Number of ordinary shares	RMB'000	Number of ordinary shares	RMB'000
Issued and paid-up shares at beginning of the year	146,700,000 ⁽ⁱ⁾	5,897	146,700,000 ⁽ⁱ⁾	5,897
Issued during the year	29,300,000	1,186	-	-
Issued and paid-up shares at end of the year	176,000,000	7,083	146,700,000	5,897

On 26 August 2020, the Company completed the share placement to 5 individuals by issuing 29,300,000 ordinary shares for S\$0.036 each in cash with a resulting share premium of RMB 4,151,000 (Note 24). The newly issued shares rank pari passu in all respects with previously issued shares. All issued ordinary shares are fully paid.

The par value of each ordinary share is S\$0.008. The holders of the ordinary shares (except treasury shares) are entitled to receive dividend as and when declared by the Company.

All ordinary shares carry one vote per share without restrictions.

Note:

- (i) Inclusive of 11,500 treasury shares (Note 25).

24. SHARE PREMIUM

	Group and Company	
	2020	2019
	RMB'000	RMB'000
At beginning of the year ^{(i) (ii) (iii)}	224,594	224,594
Issued during the year ^(iv)	4,151	-
At end of the year	228,745	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.
- (iv) Share premium of RMB 4,151,000 arose from the issue of 29,300,000 ordinary shares at an issue price of S\$0.036 per share pursuant to a private share placement, completed during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

24. SHARE PREMIUM (Continued)

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			
	2020		2019	
	Number of ordinary shares	RMB'000	Number of ordinary shares	RMB'000
At beginning and end of the year	11,500	18	11,500	18

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

26. DISTRIBUTABLE RESERVE

	Group and Company	
	2020	2019
	RMB'000	RMB'000
At beginning and end of the year	267,600	267,600

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

27. FAIR VALUE (DEFICIT) / RESERVE

	Group and Company	
	2020	2019
	RMB'000	RMB'000
At beginning of the year	(99)	7,677
Equity investment in FVOCI		
- net change in fair value (Note 10)	(9,423)	(7,776)
At end of the year	(9,522)	(99)

Fair value reserve arises from net changes in fair value of financial assets at FVOCI (Note 10). The reserve, which is relating to the equity investment designated to be measured at FVOCI, will be transferred to retained earnings upon disposal of the respective investment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

28. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives revenue from the sales of completed properties to customers at a point in time.

	Group	
	2020 RMB'000	2019 RMB'000
Sales of completed properties	3,156	5,030

29. CONTRACT LIABILITIES

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

	Group	
	2020 RMB'000	2019 RMB'000
At beginning of the year	57	1,973
Consideration received from end customers during the year	3,156	3,114
Recognised as revenue	(3,156)	(5,030)
At end of the year	57	57
Revenue recognised in current year that was included in the contract liabilities balance at beginning of the year	-	1,963

30. OTHER INCOME

	Group	
	2020 RMB'000	2019 RMB'000
Gain on transfer of option to purchase of property (Note 14(ii))	1,000	-
Fair value gain on financial assets, at FVPL – structured deposits (Note 11)	49	647
Gain on disposal of joint ventures	-	500
Gain on disposal of property, plant and equipment	-	280
Accruals and other payables written off	-	247
Others	29	2
	1,078	1,676

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

31. OTHER EXPENSES

	Group	
	2020 RMB'000	2019 RMB'000
Fair value loss on financial assets, at FVPL - quoted securities (Note 12)	3,138	-
Impairment loss of completed properties for sale, net (Note 13)	-	2,040
Impairment loss of property, plant and equipment (Note 6)	-	1,689
Impairment loss of right-of-use assets (Note 7)	-	1,240
Foreign exchange loss, net	676	8
Others	7	-
	3,821	4,977

32(a). FINANCE INCOME

	Group	
	2020 RMB'000	2019 RMB'000
<u>Under effective interest rate method for financial assets at amortised cost</u>		
- Interest income – bank balance	177	98
- Interest income – loan to a third party	-	284
	177	382

32(b). FINANCE EXPENSE

	Group	
	2020 RMB'000	2019 RMB'000
Interest expense on share-margin financing facility	147	-
Interest expense on lease liabilities	77	140
Others	13	
	237	140

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

33. LOSS BEFORE TAX

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

	Group	
	2020 RMB'000	2019 RMB'000
Directors' remuneration and fees:		
- Paid to directors of the Company	2,334	2,677
Staff costs (including Directors' remuneration and fees)		
- Short-term benefits ⁽ⁱ⁾	9,668	11,198
- Post-employment benefits: defined contribution	173	403
Audit fees:		
- auditors of the Company	512	658
- other auditors	-	13
Non-audit fees:		
- auditors of the Company	145	-
Depreciation of property, plant and equipment (Note 6)	377	2,099
Depreciation of right-of-use assets (Note 7)	-	810
Amortisation of land use rights (Note 8)	2	2
Entertainment expenses	483	1,902
Legal and professional fees	989	1,337
Lease expenses not included in lease liabilities:		
- Short-term leases ⁽ⁱⁱ⁾	1,296	1,784
Non-lease component under lease contract	275	302

Notes:

- (i) The short-term employee benefits expenses presented above are after deducting waived amount of gross monthly social insurance amounting to approximately RMB 16,000 as government grant introduced by Zhengzhou government to help business cope with immediate COVID-19 challenges in current year.
- (ii) Included within short-term lease expenses are COVID-19 related rent concessions received from lessors of RMB 463,000 to which the Group applied the practical expedient as disclosed in Note 3. This includes non-cash changes for lease liabilities amounting to RMB 147,000 in the Note 22.

The short-term lease expenses for the next financial year payable on the existing leases or leases renewed at date of this report totaled RMB 1,231,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

34. TAX EXPENSE

	Group	
	2020 RMB'000	2019 RMB'000
Deferred tax (Note 22)		
- Changes of temporary differences	257	(155)
<u>Corporate income tax</u> ⁽ⁱ⁾		
- Over-provision in prior year	(12)	-
- Current year	-	18
<u>Land appreciation tax</u> ⁽ⁱⁱ⁾		
- Current year	110	181
Current tax expense	98	199
Tax expense	355	44

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% (2019: 25%) of their assessable profits. No income tax was payable in respect to the subsidiary in Singapore, as it is dormant during the current and preceding years. The Company and certain subsidiaries operate from tax-free jurisdictions.
- (ii) Under the provisional rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including all finance costs and all property development expenditures. There were certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such exemption.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

34. TAX EXPENSE (Continued)

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

	Group	
	2020 RMB'000	2019 RMB'000
Accounting loss before tax	(15,351)	(23,337)
Taxation at the PRC corporate income tax rate of 25% (2019: 25%)	(3,838)	(5,834)
Effect of different tax rates in tax-free jurisdiction	801	266
Effect of land appreciation tax	82	136
Effect of expenses not deductible for tax purpose	596	1,409
Effect of share of losses of joint ventures	-	9
Effect of income not taxable for tax purpose	(509)	-
Deferred tax assets not recognised on tax losses	3,223	4,058
Tax expense for the year	355	44

35. LOSS PER SHARE

	2020	2019
Loss attributable to equity holders of the Company (RMB'000)	(15,706)	(23,381)
Weighted average number of ordinary shares outstanding (excluding 11,500 treasury shares) for basic loss per shares ('000)	156,935	146,689
<u>Basic and diluted⁽ⁱ⁾ loss per share</u>		
- RMB cents	(10.01)	(15.94)
- SGD cents ⁽ⁱⁱ⁾	(2.00)	(3.15)

Notes:

(i) The Company has no dilutive potential ordinary shares for the financial year ended 31 December 2020 and 2019 and there was no ordinary share that may be issued upon the exercise of any share option outstanding as at 31 December 2020 and 2019.

(ii) Calculated based on average exchange rate of S\$1: RMB 5.01 (2019: S\$1: RMB 5.06).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

36. CONTINGENT LIABILITIES AND COMMITMENTS

(i) Financial guarantee contracts issued

In accordance with industry practice, the Group provided guarantees to certain domestic PRC banks for mortgage loans taken by certain buyers of the Group’s properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these buyers, the banks are entitled to deduct the amounts of due and outstanding mortgage payments (with accrued interests and penalties) from the bank balances of the Group pledged for this purpose (Note 18). The Group’s guarantee periods commence from the dates of grants of the relevant mortgage loans and end at the earlier of (a) the execution of pledge of the individual property ownership certificate of the property purchased to the banks; and (b) full payments by the buyers. For one of the banks, the guarantee period ends 2 years after the execution of pledge of title. In the event that the Group repaid the defaulted mortgage loan of the buyers in full, the banks will transfer the pledge of title to the Group.

As at 31 December 2020, the notional amount of the mortgage loans guaranteed amounted to approximately RMB 14,861,000 (2019: RMB 22,662,000); and the Group’s bank deposits amounting to RMB 750,000 (2019: RMB 1,133,000) has been pledged for this purpose (Note 18).

The Group does not charge any fees or premium to those buyers for the guarantees and determined that the fair value at inception cannot be reliably determined. Hence the financial guarantee contracts are measured at the amount of ECL determined based on IFRS 9. Based on the management’s assessment, there is no material ECL on these financial guarantees, taking into account:

- (a) The mortgage loans were made within the guidelines agreed between the Group and the banks, which does not exceed 50-70% of the total purchase price; and
- (b) For defaults during the periods prior to issuing of individual property ownership certificate, or situations whereby the Group repaid the bank in full, the Group is entitled to sell the properties as a recourse and the Group expects that the then market price of the underlying properties would be adequate to recover the loss; and
- (c) Low default rate in the past and the ability of the Group to obtain reimbursement from the defaulted house buyers for the Group’s bank balances deducted by the banks.

There is no default reported during financial year 2020 despite the coronavirus outbreak. Even though the on-going coronavirus outbreak might result in higher default rate, management does not expect material ECL on these financial guarantees in the next twelve months after the reporting date, taking into account of above (a) and (b).

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 being, commercial and residential property development or investment in mining. The chief operating decision maker allocate resources and assess its performance based on these two categories.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

37. SEGMENT INFORMATION (Continued)

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

Principal activities are as follows:

(i) Commercial and residential property development

Development of commercial and residential properties for sale.

(ii) Mining

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

(iii) Investment

The investments segment is the investment holding arm for various entities not within the Property Development and Mining segments, which includes unallocated corporate functions and restructuring activities. Treasury investment activities, mainly investment in structured deposits (Note 11) and quoted securities (Note 12) are also included in this segment.

(i) **Segment revenues and results**

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

Group	Mining RMB'000	Commercial and residential property development RMB'000	Investment RMB'000	Total RMB'000
2020				
Segment revenue from external customers	-	3,156	-	3,156
Segment income / (loss), representing income / (loss) before tax	-	2,102	(17,453)	(15,351)
Tax expense				(355)
Loss for the year				<u>(15,706)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi (“RMB”) unless otherwise stated)

37. SEGMENT INFORMATION (Continued)

(i) Segment revenues and results (Continued)

Group	Mining RMB'000	Commercial and residential property development RMB'000	Investment RMB'000	Total RMB'000
2019				
Segment revenue from external customers	-	5,030	-	5,030
Segment loss, representing loss before tax	(35)	(1,793)	(21,509)	(23,337)
Tax expense				(44)
Loss for the year				<u>(23,381)</u>

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

(ii) Segment assets and liabilities

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

Group	Mining RMB'000	Commercial and residential property development RMB'000	Investment RMB'000	Total RMB'000
2020				
Segment assets	60,909	13,323	32,509	106,741
Consolidated segment assets				<u>106,741</u>
Segment liabilities	-	(18,182)	(6,983)	(25,165)
Consolidated segment liabilities				<u>(25,165)</u>
2019				
Segment assets	70,332	15,785	43,752	129,869
Consolidated segment assets				<u>129,869</u>
Segment liabilities	-	(21,618)	(6,883)	(28,501)
Consolidated segment liabilities				<u>(28,501)</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

37. SEGMENT INFORMATION (Continued)

(iii) Other segment information

	Mining	Commercial and residential property development	Investment	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2020				
<u>Amounts included in the measure of segment assets:</u>				
Additions to property, plant and equipment	-	-	20	20
Financial assets, at FVPL				
- structured deposits	-	-	21,000	21,000
- quoted securities	-	-	8,365	8,365
Financial assets, at FVOCI				
- unquoted equity	60,909	-	-	60,909
<u>Amounts included in the measure of segment loss / (profit):</u>				
Depreciation of property, plant and equipment	-	14	363	377
Gain on transfer of option to purchase of property	-	-	(1,000)	(1,000)
Reversal of impairment of amounts due from other receivables	-	(2,038)	-	(2,038)
Reversal of impairment of amounts due from related parties	-	(33)	-	(33)
Rent rebates and concessions	-	-	(147)	(147)
Fair value loss on financial assets, at FVPL - quoted securities, net	-	-	3,138	3,138
Fair value gain on financial assets, at FVPL - structured deposits	-	-	(49)	(49)
Interest income	-	(4)	(173)	(177)
Interest expense	-	-	237	237
Fair value loss on financial assets, at FVOCI - changes in fair value	(9,423)	-	-	(9,423)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020
(Amounts in thousands of Chinese Renminbi ("RMB") unless otherwise stated)

37. SEGMENT INFORMATION (Continued)

(iii) Other segment information (Continued)

	Mining	Commercial and residential property development	Investment	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2019				
<u>Amounts included in the measure of segment assets:</u>				
Additions to property, plant and equipment	-	-	641	641
Financial assets, at FVPL	-	-	2,740	2,740
- structured deposits				
Financial assets, at FVOCI	70,332	-	-	70,332
- unquoted equity				
<u>Amounts included in the measure of segment loss / (profit):</u>				
Share of losses of joint ventures	35	-	-	35
Gain on disposal of joint ventures	(500)	-	-	(500)
Depreciation of property, plant and equipment	-	19	2,080	2,099
Loss / (Gain) on disposal of property, plant and equipment		1	(281)	(280)
Impairment loss of property, plant and equipment	-	-	1,689	1,689
Depreciation of right-of-use assets			810	810
Impairment loss of right-of-use assets	-	-	1,240	1,240
Fair value gain of financial assets, at FVPL - structured deposits	-	(161)	(486)	(647)
Impairment loss of amounts due from related parties	-	-	8	8
Impairment loss of completed properties for sale, net	-	2,040	-	2,040
Reversal of allowance for impairment of amounts due from joint ventures	(1,817)	-	-	(1,817)
Accruals and other payables written off	-	(113)	(134)	(247)
Interest income	-	(19)	(363)	(382)
Interest expense	-	-	140	140
Fair value loss on financial assets, at FVOCI - changes in fair value	(7,776)			<u>(7,776)</u>

(iv) Information about geographical areas

All Group's revenue and non-current assets are principally attributable in the PRC except for financial assets, at FVOCI amounted to RMB 60,909,000 (2019: RMB 70,332,000) which represents interest in an iron ore mine located in the South Africa.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2021

Issued and fully paid capital	:	S\$1,463,059 (equivalent to about RMB7,082,817)
Number of shares	:	176,000,000 (including treasury shares)
Number of issued shares	:	175,988,500 (excluding treasury shares)
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of treasury shares	:	11,500

DISTRIBUTION OF SHAREHOLDINGS AS AT 18 MARCH 2021

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 99	39	2.79	1,868	0.00
100 - 1,000	344	24.59	159,287	0.09
1,001 - 10,000	756	54.04	2,614,499	1.49
10,001 - 1,000,000	249	17.80	10,174,485	5.78
1,000,001 and above	11	0.79	163,049,861	92.64
Total	1,399	100.00	176,000,000	100.00

LIST OF 20 LARGEST SHAREHOLDERS AS AT 18 MARCH 2021

NO.	NAME OF SHAREHOLDERS	NO OF SHARES	PERCENTAGE (%)
1	MAYBANK KIM ENG SECURITIES PTE.LTD	42,564,975	24.18
2	ABN AMRO CLEARING BANK N.V.	40,950,550	23.27
3	GLOSSMEI LIMITED	18,250,000	10.37
4	GUO YINGHUI	17,985,000	10.22
5	KGI SECURITIES (SINGAPORE) PTE. LTD	14,560,000	8.27
6	UOB KAY HIAN PTE LTD	8,980,375	5.10
7	DB NOMINEES (SINGAPORE) PTE LTD	8,505,000	4.83
8	PHILLIP SECURITIES PTE LTD	5,349,349	3.04
9	DBS VICKERS SECURITIES (S) PTE LTD	2,779,412	1.58
10	WANG HAIYAN	1,763,250	1.00
11	CITIBANK NOMS SPORE PTE LTD	1,361,950	0.77
12	LI SHI	525,012	0.30
13	DBS NOMINEES PTE LTD	500,650	0.28
14	TEE WEE SIEN (ZHENG WEIXIAN)	492,875	0.28
15	YAP THIAM JOO	294,200	0.17
16	CHAN HOCK LYE	275,375	0.16
17	RAFFLES NOMINEES(PTE) LIMITED	270,312	0.15
18	TENG BENG CHYE	255,875	0.15
19	TEO BOCK HENG	224,800	0.13
20	SIOW KWONG THYE	200,000	0.11
	TOTAL	166,088,960	94.37

STATISTICS OF SHAREHOLDINGS

As at 18 March 2021

SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2021

Name of Substantial Shareholders	Number of Shares fully paid			
	Direct Interest	% ⁽¹⁾	Deemed Interest	% ⁽¹⁾
Guo Yinghui ⁽²⁾⁽³⁾	17,985,000	10.22	32,240,000	18.32
China Focus International Limited ⁽³⁾	17,680,000	10.05	0	0.00
Glossmei Limited	18,250,000	10.37	0	0.00
Ample Scenery Investments Limited ⁽⁴⁾	10,530,463	5.98	0	0.00
Feng Li ⁽³⁾⁽⁵⁾	14,560,000	8.27	35,665,000	20.27

⁽¹⁾ Based on the issued share capital of 175,988,500 shares (excluding 11,500 treasury shares).

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

⁽⁴⁾ Shares of Ample Scenery Investments Limited are registered in the name of Maybank Kim Eng Securities Pte Ltd.

⁽⁵⁾ Mdm Feng Li is deemed to be interested in the 17,985,000 shares held by her spouse, Mr Guo Yinghui and the 17,680,000 shares held by China Focus International Limited.

PUBLIC FLOAT

Based on information available to the Company as at 18 March 2021, approximately 54.79% of the issued ordinary shares (excluding treasury shares) of the Company are held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the sixteenth Annual General Meeting (“AGM”) of China Mining International Limited will be convened and by electronic means on Friday, 16 April 2021 at 3 p.m.to transact the following businesses:

Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Directors’ Statement and Report of the Auditors thereon. **(Resolution 1)**
2. To approve payment of Directors’ Fee of S\$200,000 (2020: S\$200,000) for the year ending 31 December 2021 and the payment thereof on a quarterly basis in arrears. **(Resolution 2)**
3. To re-elect Mr Zhai Kebin, a Director retiring pursuant to Article 85 of the Company’s Constitution. **(Resolution 3)**
(See Explanatory Note 1)
4. To re-elect Ms Dong Lingling, a Director retiring pursuant to Article 86 of the Company’s Constitution. **(Resolution 4)**
(See Explanatory Note 2)
5. To re-elect Mr Lim Han Boon, a Director retiring pursuant to Article 86 of the Company’s Constitution. **(Resolution 5)**
(See Explanatory Note 3)
6. To re-appoint Crowe Horwath First Trust LLP as Auditors of the Company and to authorise the Directors to re-negotiate and agree on their remuneration. **(Resolution 6)**

As Special Business

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

7. Continuing in office by Mr Lim Han Boon as Independent Director

- (A) That subject to and contingent upon the passing of Resolution 5 by shareholders of the Company and subject to the passing of Resolution 7B by shareholders of the Company excluding the Directors and the Chief Executive Officer of the Company and their respective associates (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”)), the continued appointment of Mr Lim Han Boon as an Independent Director for purposes of Rule 210(5) (d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and authority conferred by this Resolution shall continue in force until the earlier of (i) his retirement or resignation as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution. **(Resolution 7A)**
(See Explanatory Note 4)
- (B) That subject to and contingent upon the passing of Resolution 5 and Resolution 7A by shareholders of the Company, the continued appointment of Mr Lim Han Boon as an Independent Director for purposes of Rule 210(5) (d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and the authority conferred by this Resolution shall continue in force until the earlier of (i) his retirement or resignation; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution. **(Resolution 7B)**
(See Explanatory Note 4)

NOTICE OF ANNUAL GENERAL MEETING

8. Continuing in office by Mr Ning Jincheng as Independent Director

- (A) That subject to and contingent upon the passing of Resolution 8B by shareholders of the Company excluding the Directors and the Chief Executive Officer of the Company and their respective associates (as defined in the Listing Manual of the SGX-ST), the continued appointment of Mr Ning Jincheng as an Independent Director for purposes of Rule 210(5) (d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and the authority conferred by this Resolution shall continue in force until the earlier of (i) his retirement or resignation as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

(Resolution 8A)
(See Explanatory Note 4)

- (B) That subject and contingent upon the passing of Resolution 8A by shareholders of the Company, the continued appointment of Mr Ning Jincheng as an Independent Director for purposes of Rule 210(5) (d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and the authority conferred by this Resolution shall continue in force until the earlier of (i) his retirement or resignation as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

(Resolution 8B)
(See Explanatory Note 4)

9. Continuing in office by Mr Chan Siew Wei as Independent Director

- (A) That subject to and contingent upon the passing of Resolution 9B by shareholders of the Company excluding the Directors and the Chief Executive Officer of the Company and their respective associates (as defined in the Listing Manual of the SGX-ST), the continued appointment of Mr Chan Siew Wei as an Independent Director for purposes of Rule 210(5) (d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and the authority conferred by this Resolution shall continue in force until the earlier of (i) his retirement or resignation as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

(Resolution 9A)
(See Explanatory Note 4)

- (B) That subject and contingent upon the passing of Resolution 9A by shareholders of the Company, the continued appointment of Mr Chan Siew Wei as an Independent Director for purposes of Rule 210(5) (d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and the authority conferred by this Resolution shall continue in force until the earlier of (i) his retirement or resignation as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

(Resolution 9B)
(See Explanatory Note 4)

10. Authority to allot and issue shares

"That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

- (A) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and/or

NOTICE OF ANNUAL GENERAL MEETING

- (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 one hundred (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), and for the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:
 - (aa) new shares arising from the conversion or exercise of convertible securities,
 - (ab) new shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and
 - (ac) any subsequent bonus issue, consolidation or subdivision of the Company's shares,and adjustments in accordance with (aa) or (bb) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution, 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 or the SGX-ST Mainboard Listing Rule to be held, whichever is the earliest.

(Resolution 10)

(See Explanatory Note 5)

11. Renewal of the Share Buyback Mandate

"That:

- (A) for the purposes of the Listing Manual of the SGX-ST, the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the issued ordinary shares fully paid in the capital of the Company (the "Shares") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), during the Relevant Period (as hereinafter defined) or within any one (1) financial year of the Company, whichever is 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 hereinafter defined), whether by way of:
 - (i) on-market purchases, transacted on the SGX-ST through the ready market, and which may be transacted through one (1) or more duly licensed stockbrokers appointed by the Company for the purpose ("Market Purchases"); and/or

NOTICE OF ANNUAL GENERAL MEETING

- (ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Listing Rules (“Off-Market Purchases”).
- (B) the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from passing of this Resolution and expiring on the earlier of:
- (i) the conclusion of the next Annual General Meeting of the Company (“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 acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; and
 - (iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by ordinary resolution of the Company in general meeting;
- (C) in this Resolution:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded on the SGX-ST, immediately preceding the day on which a Market Share Purchase was made, or as the case may be, the date of the making of the offer pursuant to an Off-Market Purchase on an equal access scheme, and deemed to be adjusted for any corporate action that occurs during the relevant 5 Market-Day period and on the day on which a Market Purchase was made, or as the case may be, the date of the making of the offer pursuant to an Off-Market Purchase on an equal access scheme; and

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

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

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

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

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case on an Off-Market Purchase, 120% of the Highest Last Dealt Price, in either case, excluding related expenses of the purchase;

NOTICE OF ANNUAL GENERAL MEETING

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

“Relevant Period” means the period commencing from the date of the passing of the resolution to approve the renewal of the Share Buyback Mandate at the last AGM of the Company and expiring on the date the next AGM is held or is required by law or by the Articles of Association of the Company to be held, whichever is the earlier; and

- (D) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transaction contemplated by this Resolution. **(Resolution 11)**

(See Explanatory Note 6)

Any Other Business

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

By Order of the Board

Foo Soon Soo
Ho Kok Weng
Joint Company Secretaries

29 March 2021

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Mr Zhai Kebin will upon being re-elected as a Director of the Company, remain as Executive Director and Chief Executive Officer of the Company. Detailed information on Mr Zhai pursuant to Appendix 7.4.1 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") are found under "Additional information on directors seeking re-election" contained in the Company's Annual Report 2020.
2. Ms Dong Lingling will upon being re-elected as a Director of the Company, remain as Executive Director. Detailed information on Ms Dong pursuant to Appendix 7.4.1 of the Listing Manual of the SGX-ST are found under "Additional information on directors seeking re-election" contained in the Company's Annual Report 2020
3. Mr Lim Han Boon will upon being re-elected as a Director of the Company, remain as Chairman of the Audit Committee. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. He will also remain as member of the Nominating and Remuneration Committees. Detailed information on Mr Lim pursuant to Appendix 7.4.1 of the Listing Manual of the SGX-ST are found under "Additional information on directors seeking re-election" contained in the Company's Annual Report 2020.
4. Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will come into effect on 1 January 2022, the retention of a Director who has been appointed for more than nine years from the date of his first appointment as an Independent Director will require shareholders' approval in separate resolutions through a two-tiered voting process, for voting by all shareholders under the first-tier voting and voting by all shareholders excluding the Directors or the Chief Executive Officer of the Company and their associates under the second tier voting. Such resolutions may remain in force until the earlier of (a) the retirement or resignation of the Director; or (b) the conclusion of the third AGM of the Company following the passing of the resolutions.

Mr Lim Han Boon, Mr Ning Jincheng and Mr Chan Siew Wei have served as independent Directors of the Company for more than 9 years. Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, Resolutions 7A under a first-tier voting and 7B under a second-tier voting are proposed for Mr Lim Han Boon to continue in office as an Independent Director. Resolutions 8A and 8B are proposed for Mr Ning Jincheng to continue in office as an Independent Director. Resolutions 9A and 9B are proposed for Mr Chan Siew Wei to continue in office as an Independent Director.

The NC and the Board have determined that Mr Lim Han Boon, Mr Ning Jincheng and Mr Chan Siew Wei remain independent in their exercise of judgment in their deliberations in the interest of the Company, and in the review and scrutiny of matters and proposals put before the Board. The Board has endorsed the NC's recommendation to seek shareholders' approval for Mr Lim Han Boon, Mr Ning Jincheng and Mr Chan Siew Wei to continue as Independent Directors from 1 January 2022. The Board considers it in the interest of the Company to have continuity of experience and to benefit from Mr Lim, Mr Ning and Mr Chan's expertise and experience and their insights into the Group gained over the years. Mr Lim and Mr Ning have abstained from the NC's deliberation concerning themselves. Mr Lim, Mr Ning and Mr Chan have abstained from the Board's deliberation concerning themselves.

Mr Guo Yinghui, Chairman and Executive Director of the Company, his spouse, Mdm Feng Li and China Focus International Limited, an associate of Mr Guo will abstain from voting on Resolutions 7B, 8B and 9B in respect of their shareholdings in the Company. Ms Dong Lingling, Executive Director of the Company will abstain from voting on Resolutions 7B, 8B and 9B in respect of her shareholdings in the Company.

Information on Mr Lim Han Boon, Ning Jincheng, Mr Chan Siew Wei are found under the "Board of Directors" contained in the Company's Annual Report 2020.

5. On 8 April 2020, Singapore Exchange Regulation ("SGX RegCo") issued a news release which introduced measures to support issuers amid the challenging business and economic climate due to COVID-19, including enabling the acceleration of fund-raising efforts by allowing Mainboard issuers to provisionally seek a general mandate for an issue of shares and convertible securities on a pro-rata basis of up to an aggregate of one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings (the "Enhanced Share Issue Limit"), versus fifty per centum (50%) previously. On 16 March 2021, SGX RegCo further announced the expiry date of the Enhanced Share Limit will be extended from 31 December 2021 to the conclusion of the next AGM or on the date by which the next AGM is required by law or the SGX-ST Mainboard Listing Rule to be held, whichever is the earliest.

The Company is proposing to avail itself to the Enhanced Share Issue Limit and accordingly is seeking shareholders' approval for the same at the AGM. The Board is of the view that it would be in the interests of the Company and its shareholders to do so in the event that circumstances evolve amid the COVID-19 situation to such an extent that a 50% limit for pro rata issue of shares is not sufficient to meet the Company's needs. Under such circumstances, fund raising efforts would be unnecessarily hampered and compromised in view of the time needed to obtain shareholders' approval for the issue of shares above the 50% threshold.

NOTICE OF ANNUAL GENERAL MEETING

Accordingly, the Resolution 10 in item 10 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law or the SGX-ST Mainboard Listing Rule to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, one-hundred per cent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of which up to twenty per centum (20%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

- Resolution 11, 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 2020 and certain assumptions are set out in greater detail in the Appendix enclosed together with the Annual Report.

NOTES:

- The Annual General Meeting ("AGM") will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the joint statement by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation of 1 October 2020 which provides additional guidance on the conduct of general meetings up to 30 June 2021.
- The Notice of AGM has been published on SGXNET and the Company's website at <http://www.chinamining-international.com/> and can be downloaded from SGXNET. A printed copy of this Notice, the proxy form and other documents related to the AGM will NOT be despatched to shareholders.**
- The Company is arranging for a live webcast of the AGM proceedings (the "Live AGM Webcast") which will take place on 16 April 2021 at 3:00 p.m. Members of the Company (other than the Central Depository (Pte) Limited ("CDP")) and Depositors who hold shares through CDP (collectively, "Shareholders") will be able to watch the AGM proceedings through the Live AGM Webcast, the Company will not accept any physical attendance by Shareholders. Any shareholder seeking to attend the AGM physically in person will be turned away.
- Shareholders will be able to participate in the AGM in following manner set out in the paragraphs below.
 - Live Webcast:
 - Shareholders may watch the AGM proceedings through the Live AGM Webcast. To do so, shareholders will need to register at https://zoom.us/webinar/register/WN_orHdD3ewS1-nnYtZx_v9mQ (the "Registration Link") by 3:00 p.m. on 13 April 2021 (the "Registration Deadline") to enable the Company to verify their status.
 - Following verification, authenticated shareholders will receive an email by 3:00 p.m. on 15 April 2021 containing a link to access the live audio-visual webcast of the AGM proceedings as well as a toll-free telephone number to access the live audio-only stream of the AGM proceedings.
 - Shareholders must not forward the above mentioned link or telephone number to other persons who are not shareholders of the Company and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast.
 - Shareholders who register by the Registration Deadline but do not receive an email response by 3:00 p.m. on 15 April 2021 may contact the Company by email to chinamining-agm@kckcs.com.sg
 - Submission of Proxy Forms to Vote
 - A Shareholder who wishes to vote at the AGM may submit a proxy form to appoint the Chairman of the AGM to cast votes on his behalf.
 - The proxy form (a copy of which is also attached hereto), duly completed and signed, must be submitted by:
 - mail to the Company's Singapore Share Transfer Agent, KCK CorpServe Pte. Ltd. at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721; or
 - email to chinamining-agm@kckcs.com.sg,by no later than 3:00 p.m. on 14 April 2021, being 48 hours before the time fixed for the AGM.

NOTICE OF ANNUAL GENERAL MEETING

- (c) CPF or SRS investors who wish to vote should approach their respective CPF Agent Bank or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on 6 April 2021) in order to allow sufficient time for their respective relevant intermediaries to in turn submit the proxy Form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.
- (d) Please note that shareholders will not be able to vote through the live webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.

3 Submission of Questions:

- (a) Shareholders may submit questions relating to the items on the agenda of the AGM via the Registration Link. All questions must be submitted by 3:00 p.m. on 13 April 2021.
- (b) The Company will endeavour to address the substantial and relevant questions at or before the AGM. The responses to such questions from shareholders, together with the minutes of the AGM, will be posted on the SGXNet and the Company's website within one month after the date of the AGM.

- 5. All documents (including the Annual Report 2020, the proxy Form and this Notice of AGM and the Appendix to this Notice of AGM or information relating to the business of the Annual General Meeting have been, or will be, published on SGXNet and the Company's website at <http://www.chinamining-international.com/>. Printed copies of the documents will not be despatched to members. Members and Investors are advised to check SGXNet and/or the Company's website regularly for updates.

Personal data privacy

By submitting an instrument appointing the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

