



CHINA MINING INTERNATIONAL LIMITED

Unaudited Condensed Interim Financial Statements
for the six-month period ended 30 June 2021

Table of Contents

A. Condensed interim consolidated statement of profit or loss and other comprehensive income3

B. Condensed interim statements of financial position4

C. Condensed interim statements of changes in equity 5

D. Condensed interim consolidated statement of cash flows 6

E. Notes to the condensed interim consolidated financial statements 7

F. Other information required by Appendix 7.2 of the Listing Rules..... 16

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	The Group	
		6 months ended 30 Jun 2021 RMB'000	6 months ended 30 Jun 2020 RMB'000
Revenue	4	3	1,341
Cost of sales		(3)	(1,151)
Gross profit		-	190
Selling and distribution expenses		(20)	(20)
General and administrative expenses		(5,905)	(6,646)
Written-back of impairment of financial assets, net		2,000	-
Other income		50	47
Other expenses		(1,653)	(489)
Finance income		21	84
Finance expense		(72)	(293)
Loss before tax	6	(5,579)	(7,127)
Income tax credit/(expense)	7	54	(35)
Loss for the period		(5,525)	(7,162)
Other comprehensive loss, net of tax			
Items that will not be reclassified subsequently to profit or loss: Equity investment at FVOCI ⁽¹⁾ - net change in fair value		-	-
Loss attributable to:			
Equity holders of the Company		(5,525)	(7,162)
Total comprehensive loss attributable to:			
Equity holders of the Company		(5,525)	(7,162)
Loss per share for loss for the period attributable to the owners of the Company:			
Basic and diluted (RMB in cent)	15	(3.14)	(4.88)

Note:

(1) FVOCI refers to "fair value through other comprehensive income".

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		30 Jun	31 Dec	31 Jun	31 Dec
		2021	2020	2021	2020
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	10	679	784	4	6
Land use rights	11	41	43	-	-
Investments in subsidiaries		-	-	128,200	128,200
Financial assets, at FVOCI	9.1	60,909	60,909	60,909	60,909
Deferred tax assets		1,045	1,045	-	-
		<u>62,674</u>	<u>62,781</u>	<u>189,113</u>	<u>189,115</u>
Current assets					
Financial assets, at FVPL ⁽¹⁾ – structured deposits	9.2	500	21,000	-	-
Financial assets, at FVPL – quoted securities		-	8,365	-	-
Completed properties for sale		8,982	8,985	-	-
Other receivables, deposits and prepayments		1,678	2,941	5	91
Pledged bank deposits		224	750	-	-
Cash and cash equivalents		23,973	1,919	296	796
		<u>35,357</u>	<u>43,960</u>	<u>301</u>	<u>887</u>
Current liabilities					
Trade payables		2,502	2,503	-	-
Contract liabilities		95	57	-	-
Accruals and other payables		16,266	17,025	219	574
Lease liabilities	12	-	481	-	-
Share-margin financing facility	12	-	1,928	-	-
Amounts due to subsidiaries (non-trade)		-	-	124,440	122,991
Amounts due to related parties (non-trade)		34	34	-	-
Income tax payables		3,083	3,137	-	-
		<u>21,980</u>	<u>25,165</u>	<u>124,659</u>	<u>123,565</u>
Net current assets/(liabilities)		<u>13,377</u>	<u>18,795</u>	<u>(124,358)</u>	<u>(122,678)</u>
Net assets		<u>76,051</u>	<u>81,576</u>	<u>64,755</u>	<u>66,437</u>
Capital and reserves					
Issued capital	13	7,083	7,083	7,083	7,083
Share premium	13	228,745	228,745	228,745	228,745
Treasury shares	14	(18)	(18)	(18)	(18)
Capital reserve		49,031	49,031	-	-
Distributable reserve		267,600	267,600	267,600	267,600
Fair value reserve		(9,522)	(9,522)	(9,522)	(9,522)
Accumulated losses		(466,868)	(461,343)	(429,131)	(427,451)
Total equity		<u>76,051</u>	<u>81,576</u>	<u>64,755</u>	<u>66,437</u>

Note:

(1) FVPL refers to “fair value through profit or loss”.

C. Condensed interim statements of changes in equity

	The Group							
	Issued capital	Share premium	Capital Reserve	Distributable reserve	Treasury shares	Fair value reserve	Accumulated losses	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 Jan 2021	7,083	228,745	49,031	267,600	(18)	(9,522)	(461,343)	81,576
Total comprehensive loss for the period	-	-	-	-	-	-	(5,525)	(5,525)
Balance as at 30 Jun 2021	7,083	228,745	49,031	267,600	(18)	(9,522)	(466,868)	76,051

	The Group							
	Issued capital	Share premium	Capital Reserve	Distributable reserve	Treasury shares	Fair value reserve	Accumulated losses	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 01 Jan 2020	5,897	224,594	49,031	267,600	(18)	(99)	(445,637)	101,368
Total comprehensive loss for the period	-	-	-	-	-	-	(7,162)	(7,162)
Balance as at 30 Jun 2020	5,897	224,594	49,031	267,600	(18)	(99)	(452,799)	94,205

	The Company						
	Issued Capital	Share Premium	Distributable Reserve	Fair value reserve	Treasury shares	Accumulated losses	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 01 Jan 2021	7,083	228,745	267,600	(9,522)	(18)	(427,451)	66,437
Total comprehensive loss for the period	-	-	-	-	-	(1,681)	(1,681)
Balance as at 30 Jun 2021	7,083	228,745	267,600	(9,522)	(18)	(429,131)	64,755

	The Company						
	Issued Capital	Share Premium	Distributable Reserve	Fair value reserve	Treasury shares	Accumulated losses	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 Jan 2020	5,897	224,594	267,600	(99)	(18)	(423,841)	74,133
Total comprehensive loss for the period	-	-	-	-	-	(1,181)	(1,181)
Balance as at 30 Jun 2020	5,897	224,594	267,600	(99)	(18)	(425,022)	72,952

D. Condensed interim consolidated statement of cash flows

	Note	The Group	
		6 months ended 30 Jun 2021 RMB'000	6 months ended 30 Jun 2020 RMB'000
OPERATING ACTIVITIES			
Loss before tax:		(5,579)	(7,127)
Adjustments for:			
Amortization of land use rights	6	2	1
Depreciation of property, plant and equipment	6	105	188
Interest income		(21)	(84)
Interest expense		72	293
Foreign exchange loss/(gain), net		13	-
Written-back of impairment of financial assets, net		(2,000)	-
Loss on disposal of financial assets, at FVPL, net	6	1,640	-
		(5,768)	(6,728)
Operating loss before working capital changes			
Completed properties for sale		3	1,151
Other receivables, deposits and prepayments		3,262	(17,154)
Pledged bank deposit		526	81
Contract liabilities		38	-
Accruals and other payables		(759)	(3,250)
Cash used in operations		(2,698)	(25,900)
Income tax paid		-	-
NET CASH USED IN OPERATING ACTIVITIES		(2,701)	(25,900)
INVESTING ACTIVITIES			
Interest received		21	84
Addition of financial assets, at FVPL		(2,400)	-
Redemption of financial assets, at FVPL		22,900	2,390
Purchase of property, plant and equipment		-	(13)
Proceeds from disposal of financial assets, at FVPL – quoted securities		6,725	-
NET CASH GENERATED FROM INVESTING ACTIVITIES		27,246	2,461
FINANCING ACTIVITIES			
Repayment of interest		(72)	(293)
Repayment of lease liabilities		(481)	(161)
Repayment of share-margin financing facility		(1,928)	-
NET CASH USED IN FINANCING ACTIVITIES		(2,481)	(455)
Net increase/(decrease) in cash and cash equivalents		22,067	(23,894)
Cash and cash equivalents at beginning of the period		1,919	29,159
Exchange difference on cash and cash equivalents		(13)	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		23,973	5,264

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

China Mining International Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands and 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 the principal place of business of the Company is 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.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 (“**1H2021**”) as contained herewith comprise those of the Company and its subsidiaries (collectively, the “**Group**”) (the “**1H2021 Interim financial Statements**”).

The principal activity of the Company is investment holding. There has been no significant change in the nature of the activity of the Company in 1H2021.

2. Basis of preparation

Save as disclosed in the accounting policies below, the 1H2021 Interim Financial Statements are prepared in accordance with historical cost convention and the IAS 34 Interim Financial Reporting Standards issued by the International Accounting Standards Committee. The 1H2021 Interim Financial Statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group’s financial position and performance since the last annual financial statements for the year ended 31 December 2020 (“**FY2020**”).

Except for the adoption of new and amended standards as set out in Note 2.1, the accounting policies adopted under the 1H2021 Interim Financial Statements are consistent with those of FY2020 which were prepared in accordance with the International Financial Reporting Standards (“**IFRS**”),

The 1H2021 Interim Financial Statements are presented in Chinese Renminbi (“**RMB**”) which is the Company’s functional currency, and all values, unless otherwise stated, are rounded to the nearest thousand (RMB’000).

2.1. New and amended standards adopted by the Group

A number of amendments to standards have become applicable for 1H2021. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

The preparation of the 1H2021 Interim Financial Statements, in conformity with IFRS, requires the 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 as at 30 June 2021 and the reported amounts of revenues and expenses for 1H2021.

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. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at the end of and for FY2020.

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 are discussed below:

(a) Valuation of financial assets, at FVOCI

The management has measured the fair value of the financial assets, at FVOCI representing the unquoted equity investment of 40.15% in Sino Feng (as defined in Note 9.1) 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 are described in Note 9.1.

(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. The 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 yet to be committed or significant future investments that will enhance the asset's performance of the cash generating unit being tested. In estimating the future cash flows, the management has taken into account the past performance, operating expenses and the business plan of the Group.

(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.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during 1H2021.

4. Segment and revenue information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chairman of the Group, who is the chief operating decision maker, in order to allocate resources to the segments and to assess their performance. Information reported to the Group's Chairman for the purpose of resource allocation and assessment of performance is focused principally on two operating divisions - commercial and residential property development and investment in mining.

The principal activities of the Group are as follows:

- (a) Property development and sale of commercial and residential properties
- (b) Exploration and development of minerals as well as mining in the PRC
- (c) Investment in mines for capital gain or future dividend income
- (d) Investment in financial assets

For the purpose of segmenting reporting, the operating segments of the Group are classified into the 'Mining', 'Property Development' and 'Investment' segments. The 'Investment' segment, being the investment holding arm of the Group for various entities not within the 'Property Development' and 'Mining' segments, comprised investments in structured deposits and quoted securities as well as all unallocated corporate functions and restructuring activities.

	Mining RMB '000	Commercial and residential property development RMB '000	Investment RMB '000	Total RMB '000
1 Jan 2021 to 30 Jun 2021				
Segment revenue from external customers	-	3	-	3
Segment income/(loss), representing income/(loss) before tax	-	1,784	(7,363)	(5,579)
Tax credit				54
Loss for the period				(5,525)

	Mining RMB '000	Commercial and residential property development RMB '000	Investment RMB '000	Total RMB '000
1 Jan 2020 to 30 Jun 2020				
Segment revenue from external customers	-	1,340	-	1,340
Segment loss, representing loss before tax	-	(1)	(7,126)	(7,127)
Tax expense				(35)
Loss for the period				(7,162)

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Note	The Group		The Company	
		30 Jun 2021 RMB'000	31 Dec 2020 RMB'000	31 Jun 2021 RMB'000	31 Dec 2020 RMB'000
Financial assets					
Financial assets, at FVOCI	9.1	60,909	60,909	60,909	60,909
Financial assets, at PVPL	9.2	500	29,365	-	-
Financial assets at amortized cost		25,118	4,619	296	796
		86,527	94,893	61,205	61,705
Financial liabilities					
Financial liabilities at amortized cost		16,369	19,767	124,659	123,565
		16,369	19,767	124,659	123,565

6. Profit before taxation

6.1. Significant items

	The Group	
	6 months ended 30 Jun 2021 RMB'000	6 months ended 30 Jun 2020 RMB'000
Income		
Interest income	21	84
Expenses		
Interest expense	72	293
Amortization of land use rights	2	1
Depreciation of property, plant and equipment	105	188
Foreign exchange loss/(gain), net	13	483
Loss on disposal of financial assets, at FVPL, net	1,640	-

6.2. Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

7. Taxation

Taxation of the Group comprised corporate income tax and land appreciation tax in China. The major components of income tax expense in the 1H2021 Interim Financial Statements are:

	The Group	
	6 months ended 30 Jun 2021 RMB'000	6 months ended 30 Jun 2020 RMB'000
Current tax credit/expense	54	(35)
Deferred income tax expense relating to origination and reversal of temporary differences	-	-
	<u>54</u>	<u>(35)</u>

8. Net Asset Value

	The Group		The Company	
	30 Jun 2021 RMB'000	31 Dec 2020 RMB'000	30 Jun 2021 RMB'000	31 Dec 2020 RMB'000
Net asset value (excluding non-controlling interests) as at end of financial period/year	<u>76,051</u>	<u>81,576</u>	<u>64,755</u>	<u>66,437</u>
Net asset value per ordinary share as at the end of financial period/year				
(RMB cents) ⁽¹⁾	43.21 cents	46.35 cents	36.80 cents	37.75 cents
(\$ cents) ⁽¹⁾	9.00 cents	9.40 cents	7.67 cents	7.66 cents

Note:

- (1) Calculated based on the exchange rates of S\$1:RMB4.80 as at 30 June 2021 and S\$1:RMB4.93 as at 31 December 2020. The total number of issued ordinary shares of the Company (the "Shares") (excluding the 11,500 treasury Shares) are 175,988,500 as at 30 June 2021 and as at 31 December 2020.

9. Financial assets at fair value

9.1 Financial assets at FVOCI

	Group and Company	
	30 Jun 2021	31 Dec 2020
	RMB'000	RMB'000
At the beginning of the period/year	60,909	70,332
Changes in fair value recognised in other comprehensive income	-	(9,423)
At end of period/year	60,909	60,909

Representing:

Unquoted equity investments

Investment in Sino Feng Mining S.à.r.l. (“Sino Feng”)	60,909	60,909
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Sino Feng, through its associate company Aero Wind Properties Pty Limited (“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 for the Thabazimbi Project is pending the settlement of the rehabilitation deposit amounting to South African Rand 10,091,000 (equivalent to RMB5.03 million) as well as the provision of mining program and surveyed plan. The initial mining right period is 20 years upon issuance of the said 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.

9.2 Financial assets at FVPL – structured deposits

	Group	
	30 Jun 2021	31 Dec 2020
	RMB'000	RMB'000
At the beginning of the period/year	21,000	2,740
Addition	2,400	47,850
Redemption	22,900	(29,639)
Changes in fair value recognized in profit and loss	-	49
At end of period/year	500	21,000

Representing:

- Non-principal protected financial products	500	21,000
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The Group invested in non-principal protected financial products with one of the top 20 commercial banks in the PRC. The investment does not have any fixed maturity term or coupon interest rates or yield return.

9.3. Fair value measurement

The Company classified 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., prices) or indirectly (i.e., derived from process); 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:

As at 30 Jun 2021	The Group		
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets, at FVOCI			
- Unquoted equity investment	-	-	60,909
Financial assets, at FVPL			
- Structured deposits	-	500	-
	<u>-</u>	<u>500</u>	<u>60,909</u>

As at 31 Dec 2020	The Group		
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets, at FVOCI			
- Unquoted equity investment	-	-	60,909
Financial assets, at FVPL			
- Structured deposits	-	21,000	-
- Quoted securities	8,365	-	-
	<u>8,365</u>	<u>21,000</u>	<u>60,909</u>

10. Property, plant and equipment

The Group did not acquire any property, plant and equipment in 1H2021 (FY2020: RMB20,000). The Group did not dispose any property, plant and equipment in 1H2021 and FY2020.

11. Land use rights

During 1H2021 and FY2020, the Group did not acquire or dispose any land use rights.

12. Borrowings

	The Group	
	30 Jun 2021 RMB'000	31 Dec 2020 RMB'000
Amount repayable in one year or less or on demand		
Secured	-	1,928 ⁽¹⁾
Unsecured	-	481 ⁽²⁾
	<u>-</u>	<u>2,409</u>
Amount repayable after one year		
Secured	-	-
Unsecured	-	-
	<u>-</u>	<u>-</u>

Notes:

- (1) Being a share-margin financing facility procured for the purpose of investment in certain quoted securities (the "Share Financing Loan"). The Share Financing Loan carries an interest of 6.2% per annum and is secured against the investment in the quoted securities.
- (2) Being lease liabilities arose in FY2020 as a result of the adoption of accounting standard IFRS 16.

13. Issued capital and share premium

Movements of the issued and paid-up capital and share premium of the Group and the Company (inclusive of the 11,500 treasury Shares) in 1H2021 and FY2020 are as follows:

	30 Jun 2021			31 Dec 2020		
	Number of ordinary shares	Share Capital RMB'000	Share Premium RMB'000	Number of Shares	Share Capital RMB'000	Share Premium RMB'000
Issued and paid-up Shares at beginning of the period/year	176,000,000	7,083	228,745	146,700,000	5,897	224,594
Issued during the period/year	-	-	-	29,300,000	1,186	4,151
Issued and paid-up Shares at end of the period/year	<u>176,000,000</u>	<u>7,083</u>	<u>228,745</u>	<u>176,000,000</u>	<u>7,083</u>	<u>228,745</u>

The number of Shares (excluding treasury Shares) as at 30 June 2021 and 31 December 2020 are 175,988,500. All issued Shares are fully paid.

On 26 August 2020, the Company completed a share placement for S\$1,004,800 to five individuals through the issuance of 29,300,000 Shares at S\$0.036 each for cash (the "Net Placement Proceeds"), resulting in an increase in the share premium account of the Company by RMB4,151,000. These newly issued Shares rank *pari passu* in all respects with the previously issued Shares.

Further to the announcements dated 5 Nov 2020 and 26 Feb 2021 made by the Company, S\$867,499 of the Net Placement Proceeds had been utilized as follows:

Intended Purposes of the Net Placement Proceeds	Percentage allocated	Amount allocated S\$	Utilized amount S\$	Unutilized amount S\$
For the growth, development and expansion of the existing businesses of the Group as well as the exploration of new business opportunities	30%	301,440	164,139	137,301
For working capital needs of the Group (including expenses relating to professional services and administration)	70%	703,360	703,360 ⁽¹⁾	-
	100%	1,004,800	867,499	137,301

Note:

(1) Broken down as follows:

	S\$
Staff remuneration	601,104
Travelling and entertainment	62,589
Office expenses	37,419
Others	2,248
	<u>703,360</u>

Employee share option scheme

No share options were issued during 1H2021 and FY2020. Neither was there any ordinary share issued as a result of the exercise of any outstanding share option during 1H2021 and FY2020.

Outstanding convertibles or options

There were no outstanding convertibles or options that may be converted into new Shares as at 30 Jun 2021 and 31 December 2020.

14. Treasury Shares

	Group and Company			
	As at 30 Jun 2021		As at 31 Dec 2020	
	Number of Ordinary Shares	RMB'000	Number of ordinary Shares	RMB'000
At beginning and end of the period/year	<u>11,500</u>	<u>18</u>	<u>11,500</u>	<u>18</u>

There was no sale, transfer, disposal, cancellation or use of treasury Shares during 1H2021 and FY2020.

15. Loss per share

	The Group	
	30 Jun 2021	30 Jun 2020
	RMB'000	RMB'000
Loss after tax attributable to the Shareholders	<u>(5,525)</u>	<u>(7,162)</u>
Loss per share (Basic and Diluted)		
(RMB cents) ⁽¹⁾	3.14 cents	4.88 cents
(\$ cents) ⁽¹⁾	0.64 cents	0.97 cents

Note:

(1) Calculated based on the average exchange rates S\$1:RMB4.89 for 1H2021 and S\$1:RMB5.02 for the six-month period ended 30 Jun 2020 (“1H2020”) and the 175,988,500 issued Shares (excluding the 11,500 treasury Shares) for 1H2021 and 146,688,500 issued Shares (excluding the 11,500 treasury Shares) for 1H2020. No new Shares were issued during 1H2021 and 1H2020. Neither were there any dilutive securities outstanding as at the end of 1H2021 and 1H2020.

16. Subsequent events

Notwithstanding the heavy floods experienced in the Henan Province in July 2021 after torrential rainfalls, the episode is not expected to have any significant impact on the performance for the Group for the financial year ending 31 December 2021 (“FY2021”).

Other Information Required by Appendix 7.2 of the Listing Rules

F. Other information

1. Review

The 1H2021 Interim Financial Statements (including the relevant explanatory notes) have not been audited or reviewed by the Company's auditors, Crowe Horwath First Trust LLP ("**Crowe Horwath**"). Crowe Horwath issued an unqualified audit opinion for the audited financial statements of the Group for FY2020.

2. Review of the financial performance of the Group

(a) Review of the condensed consolidated statement of comprehensive income of the Group for 1H2021 (relative to that for 1H2020)

Revenue

The overall turnover of the Group, generated mainly from the sales of developed properties, decreased from RMB1.3 million in 1H2020 to RMB3,000 in 1H2021. The decrease was principally attributed to lesser completed units being handed over to buyers in FY2020 for the Xinxiang Sunny Town Project (新乡阳光新城项目) (the "**Project**").

During 2019, with a view to clear the balanced units of the Project, which are located at corners or relatively not so ideal sites of the Project and/or are relatively not so ideal in their laid out (the "**Balanced Units**"), the Group entered into a bought deal arrangement with an independent third party to sell these Balanced Units at a mutually agreed reduced total price, derived based on the reduced sale price of each of the Balanced Units, relative to the prevailing market prices. Sales would be recognised by the Group as and when any of these Balanced Units is sold to an end buyer through the independent third party or the Company's wholly-owned subsidiary Xinxiang Huilong Real Estate Co Ltd (新乡辉龙置业有限公司) (the "**Bought Deal Arrangement**").

Gross profit

The gross profit of the Group reduced in tandem with lesser Balanced Units sold in 1H2021 as a consequence to the Bought Deal Arrangement.

General and administrative expenses

In line with reduced business activities and principally as a result of lower headcount, the general and administration expenses of the Group decreased from RMB6.7 million in 1H2020 to RMB5.9 million in 1H2021.

Written-back of impairment of financial assets, net

Write-backs of certain impaired financial assets were made following the recovery of part of the bad debts previously provided for.

Other expenses

The other expenses incurred in 1H2020 relate mainly to an exchange loss of RMB0.5 million while those incurred in 1H2021 relate mainly to a net loss of RMB1.6 million on investments in quoted securities.

Finance expense

The decrease in finance expense was attributed mainly to the accounting treatment of the finance lease following the adoption of accounting standard IFRS 16 in respect of the rented premises of the Group in the PRC (which saw a decrease in interest expense as the liability amortization amount increases over time).

Total comprehensive loss attributable to shareholders of the Group

Consequence to the above, the net loss attributable to the shareholders of the Company (the “Shareholders”) improved to RMB5.5 million in 1H2021 from RMB7.2 million in 1H2020.

(b) Review of the condensed statements of financial position of the Group as at 30 June 2021 (relative to that as at 31 December 2020)

Non-current assets

The decrease in property, plant and equipment of RMB0.1 million was attributed mainly to depreciation.

Current assets

The decrease in other receivables, deposits and prepayments was due mainly to bad debts of RMB1.0 million written back in FY2020.

The decrease in financial assets (at FVPL – quoted securities) was due to the liquidation of investment in quoted securities in 1H2021.

The decrease in financial assets (at FVPL – structured deposit) was due to the redemption of short-term investment deposits placed with the local PRC banks in 1H2021.

The decrease in pledged bank deposits by RMB0.5 million was mainly attributed to a decrease in deposits placed with local banks to facilitate the procurement of housing loans by buyers of the Group’s properties. The Company had pledged these deposits during FY2020 for the sales of developed properties and these pledged bank deposits were released to the Group during 1H2021 upon the issuance of the relevant property ownership certificates to the buyers concerned.

Taken as a whole, the current assets of the Group decreased by RMB8.6 million from RMB44.0 million as at 31 December 2020 to RMB35.4 million as at 30 June 2021.

Current liabilities

The decrease in accruals and other payables by RMB0.8 million from RMB17.0 million in 31 December 2020 to RMB16.3 million in 30 June 2021 was principally due to payments made.

The share-margin financing facility decreased by RMB1.9 million subsequent to the repayment of the Share financing Loan in 1H2021.

The lease liabilities decreased by RMB0.5 million subsequent to the full payment of the balanced lease liabilities in 1H2021.

Taken as a whole, the current liabilities of the Group decreased by RMB3.2 million from RMB25.2 million as at 31 December 2020 to RMB22.0 million as at 30 June 2021.

Consequence to the above:

- (1) the working capital position of the Group decreased from RMB18.8 million as at 31 December 2020 to RMB13.4 million as at 30 June 2021;
- (2) the net asset value of the Group decreased from RMB81.6 million as at 31 December 2020 to RMB76.0 million as at 30 June 2021, with the net asset value per ordinary share of the Company decreased from 9.4 Singapore cents per share as at 31 December 2020 to 9.0 Singapore cents per share as at 30 June 2021.

(c) Review of the condensed consolidated cashflow statement of the Group for 1H2021 (relative to that for 1H2020)

Net cash used in operating activities

The decrease in net cash used in operating activities was mainly due to the refund in FY2020 of a security deposit of RMB17 million placed under an escrow account with a third party for the joint bidding (which was subsequently called off) of a piece of land in Xin Xiang Municipality, Henan Province, for development.

Net cash generated from investing activities

The increase in net cash generated from investing activities was attributed to receipts generated mainly from the redemption of short-term investment deposits placed with the local PRC banks and the disposal of quoted securities in 1H2021.

Net cash used in financing activities

The increase in net cash used in financing activities was mainly attributed to the repayment of the Share Financing Loan of RMB1.9 million in 1H2021.

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

No forecast or any prospective statement was previously made by the Company.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The Company refers to the previous announcement dated 21 January 2021 (the “**Previous Announcement**”) in relation to the binding term sheet entered into by the Company 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**”) and together with China Focus, the “**Vendors**”) for the proposed acquisition (the “**Proposed Acquisition**”) of 100% of the issued and paid-up share capital (the “**Sale Shares**”) of Fully Rich International Investment Limited (广富国际投资有限公司) (the “**HoldCo**”), which in turn owns 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**”).

On 31 March 2021, the Company announced that it has entered into a sale and purchase agreement dated 31 March 2021 with the Vendors in connection with the Proposed Acquisition (the “**SPA**”). Under the terms and conditions of the SPA, the aggregate consideration payable for the Sale Shares shall be S\$6.966 million (the “**Consideration**”). On completion of the Proposed Acquisition (the “**Completion**”), the Consideration shall be satisfied in the form of 162,000,000 new Shares (the “**Consideration Shares**”) to be issued at an issue price of S\$0.043 per Consideration Share (the “**Issue Price**”) to the Vendors or their nominees in the relevant proportions.

China Focus is wholly-owned by Mr Guo Yinghui. Profit Run is wholly-owned by a British national in trust for the benefit of Mr Guo Yinghui. Mr Guo Yinghui, the Chairman of the Board and an Executive Director of the Company, is also a controlling Shareholder of the Company. The Consideration represents approximately 41.84% of the Group’s latest audited net tangible assets (“**NTA**”) as at 31 December 2020. In addition, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST exceed 20.00%. Accordingly, the Proposed Acquisition constitutes an interested person transaction under Chapter 9, and a major transaction under Chapter 10, of the Listing Manual of the SGX-ST for which approval from the independent Shareholders of the Company (the “**Independent Shareholders**”) is required.

As the issue and allotment of the Consideration Shares to the Vendors or their nominees at Completion will result in Mr Guo Yinghui and his concert parties (the “**Concert Party Group**”) holding approximately 62.79% of the enlarged voting rights in the Company, an application will be made to the Securities Industry Council for a waiver to be granted to the Concert Party Group which would (but for such waiver) incur an obligation to make a mandatory general offer for the

Shares not already owned or controlled by them under, and/or to comply with the requirements of, Rule 14 of the Singapore Code on Take-overs and Mergers (the “Code”). The Independent Shareholders will therefore be asked to vote, by way of a poll, to waive their rights to receive a mandatory general offer from the Concert Party Group in accordance with Rule 14 of the Code (the “Proposed Whitewash Resolution”).

The Company intend to convene an extraordinary general meeting to be held in due course to, among others, seek approval from the Independent Shareholders for the Proposed Acquisition and the Whitewash Resolution. Further details of these matters will be set out in the circular to be issued to the Shareholders (the “Circular”) in due course.

5. Dividend information

(a) Any interim (final) ordinary dividend has been declared (recommended)?

No dividend had been declared or recommended for 1H2021 in view of the loss-making position of the Group.

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

Not applicable.

(b)(ii) Previous corresponding year (cents)

No dividend was declared in previous corresponding year.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

6. Interested person transactions

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

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

7. Negative assurance on interim financial statements pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge and belief, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited 1H2021 Interim Financial Statements to be false or misleading in any material aspect.

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

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

Signed for and on behalf of the Board of Directors

BY ORDER OF THE BOARD

Mr Zhai Kebin
CEO & Executive Director
12 August 2021

Ms Dong Lingling
Executive Director