Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: China Mining International Limited

Stock code: BHD

Meeting details:
Date: 16 April 2021
Time: 3.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. The group is in the process of acquiring 63.11% of the registered capital of Henan Zhongnong Huasheng Agricultural Science and Technology Co., Ltd (the "Target"). The company announced on 21 January 2021 that it has entered into a binding term sheet with China Focus International Limited ("China Focus") and Profit Run Developments Limited ("Profit Run") for the proposed acquisition of 100% of the issued and paid-up share capital of Fully Rich International Investment Limited which holds 63.11% of the registered capital of the target company.

This follows the termination of an earlier sale and purchase agreement for the group to purchase the target company.

The proposed acquisition will constitute an interested person transaction ("IPT") under Chapter 9 of the Listing Manual as the chairman and controlling shareholder of the company controls both China Focus and Profit Run.

(i) **What is the experience of management in assessing and valuing agricultural businesses?**

(ii) **Who is leading the company's negotiation with the vendors?**

(iii) **What is the role of Mr Guo Yinghui, the executive chairman, in the proposed acquisition?**

(iv) **Given that the proposed transaction will constitute an IPT, what are the safeguards put in place by the board to oversee and guide management?**

(v) **What is the level of involvement and ownership by the independent directors in the proposed acquisition to ensure that the acquisition is attractively priced and prudently structured and that it will lead to long-term value creation for shareholders?**

(vi) **Have the independent directors evaluated the returns on past investments made by the group?**

(vii) **How will the group be funding this proposed acquisition?**

As noted in the consolidated statement of changes in equity (page 54), the group has accumulated losses of RMB(461) million under the leadership of Mr Guo Yinghui who is the chairman and founder of the group and was appointed to the board in 2005.

(viii) **Has the board, especially the independent directors, evaluated the track record of the vendor?**

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Q2. In the financial year, the group reduced the prices of unsold units for the Xinxiang Sunny Town Project. These were said to be located at less ideal sites of the project or have less-than-ideal layouts. The group has also entered into a bundled sales agreement with a third party who will serve as the sales and marketing agent for the remaining units.

(i) **What is the percentage of unsold units? Has the board evaluated the returns achieved by the group for the Xinxiang Sunny Town Project? Has it met management's expectations?**

(ii) **In addition, please also provide shareholders with an update of the operating status of the mines.**

(iii) Lastly, the group received an interest-free advance of RMB 1 million in January 2020 that was fully repaid in February 2020. The group has structured deposits amounting to RMB 21 million, quoted securities amounting to RMB8.4 million and cash and cash equivalents of RMB 2 million. **Can management help shareholders understand the rationale to take an RMB 1 million advance for a month from the chairman?**

(iv) In addition, during the year, the group had exposure of up to RMB 63.6 million in quoted investments using margin leverage of RMB 36.2 million which bear interest at 6.2% per annum. **Can the board help shareholders understand if it had approved the short-term speculation in the stock market? What is the level of oversight provided by the independent directors? Has the board developed a robust risk management framework to mitigate the risks involved in shares trading? Will the significant exposure in quoted investments using margin financing alter the risk profile of the group? If so, will the board be seeking shareholders' approval on the group's shares trading?**

Q3. At the annual general meeting scheduled to be held on 16 April 2021, Mr Lim Han Boon would be retiring pursuant to Article 86 of the company's constitution and would be seeking his re-election.

Mr Lim Han Boon was appointed an independent director of the company on 9 December 2005. Accordingly, Mr Lim has served on the board for more than 15 years. The board has credited Mr Lim as being instrumental in instilling and inculcating a culture of good corporate governance within the group.

Mr Lim's biography can be found on page 5 of the annual report. Additional information on directors seeking re-election can be found on pages 33 to 35.

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(i) **Has the board/nominating committee considered the early adoption of the two-tier voting for long-tenured independent directors seeking re-election?**

(ii) **Would Mr Lim help shareholders understand his contribution to the group in the past 15 years? How did Mr Lim improve the effectiveness of the board at safeguarding shareholders' interests and at creating long-term value for shareholders?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)