



CHINA MINING INTERNATIONAL LIMITED

中矿国际有限公司

(Incorporated in the Cayman Islands)

(Company Registration No. CT-140095)

CLARIFICATION ANNOUNCEMENT IN RESPONSE TO QUERIES RAISED BY THE SINGAPORE EXCHANGE REGULATION RELATING TO THE COMPANY'S ANNOUNCEMENT ON 11 AUGUST 2023 IN RESPECT OF ITS HALF YEARLY UNAUDITED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 ("1H2023") IN RESPECT OF THE FINANCIAL YEAR ENDING 31 DECEMBER 2023 ("FY2023") (THE "ANNOUNCEMENT")

The board of directors (the "**Board**") of China Mining International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the questions raised by the Singapore Exchange Regulation ("**SGX RegCo**") on 12 Oct 2023 relating to the Announcement.

The Board appends below its corresponding replies to the questions raised by SGX RegCo:

SGX RegCo's Query 1:

It is disclosed on page 20 of the unaudited financial statements that, notwithstanding the net current liability position of the Group as at 30 June 2023, the Group is quietly confident to achieve a turnaround in its working capital position for FY2023 as demand for its pomegranates in general peaks in the fourth quarter of the calendar year. Given the Group's significant current liabilities of RMB 58,055,000 and cash and bank balance of only RMB 11,585,000 and noting that the Company incurred losses of RMB 8,199,000 in period ended 30 June 2023, please disclose:

- (i) the Company's assessment on its ability to operate as a going concern and to meet its debt covenants (if any); and
- (ii) the Board's assessment how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

It is further noted in the Company's FY2022 annual report that, the Group is in the progress of negotiating with the government agency (Loan 3) to restructure the short-term loan to be repayable beyond 12 months from date of restructuring and that the Agri Sub-group has obtained non-legally binding Letter of Intent from a different bank in PRC to grant a facility up to RMB 20,000,000.

Please provide a status update with regard to Loan 3 and the loan facility from a different bank in PRC.

The Company's Response

(i) The Company's assessment on its ability to operate as a going concern and to meet its debt covenants is based on the following considerations:

- (a) The Group's agriculture business will typically be able to generate higher operating profits and operating cash inflows in the second half of each financial year;**
- (b) The Group continues to obtain financial support from Mr Guo Yinghui, a controlling shareholder of the Group, to enable the Group to operate as a going concern and to meet its obligations as and when they fall due. In particular, Mr Guo has agreed not to recall for payment of the aggregate amount owing to the related parties, being his controlled entities, of RMB11.9 million within the next 12 months which has been classified as non-current liabilities; and**
- (c) The Group has managed to: (1) roll-over Loan 2 of RMB5.0 million for a year from 31 Dec 2022; (2) drawdown a short-term loan of RMB8.0 million in June 2023 from a new credit facility of**

RMB10.0 million procured from a PRC bank; and (3) obtain a non-legally binding Letter of Intent from a bank in PRC to grant it facilities of up to RMB20 million.

As regards Loan 3, the Group is still in negotiation with the relevant government agency to restructure the short-term loan to be repayable in one year's time from the date of approval for such a restructuring (the "Loan 3 Restructuring")

(ii) The Board concurred with the Company's assessment (on its ability to operate as a going concern and to meet its debt covenants) as stated above.

SGX RegCo's Query 2:

It is disclosed in the unaudited financial statements that, the Group has recognized other expenses of RMB 642,000 and that it relates partly to the one-off write off of bearer plants of RMB344,000.

Please disclose:

- (i) the nature and breakdown of its other expenses of RMB 642,000; and
- (ii) the underlying transactions and the terms of the transactions, where applicable

The Company's Response

The Company's other expenses (for 1H2023) of RMB298,000 (excluding the one-time write-off of bearer plants of RMB344,000) are broken down as follows:

Other Expenses	Amount (RMB)	Nature/Terms
Loss on disposal of property, plant and equipment	57	
Depreciation of property, plant and equipment	241	In connection with equipment for the peeling of pomegranate seeds
Total	298	

SGX RegCo's Query 3:

It is stated on page 13 of the unaudited financial statements that, the Group's other receivables as at 30 June 2023 amounts to RMB 1,777,000, please provide:

- (i) the nature and breakdown of the Group's other receivables; and
- (ii) the underlying transactions and the terms of the transactions.

It is further disclosed in the Annual Report that, there was an allowance of RMB5,000,000 made for other receivables (gross) of the Group as at 31 December 2023 in relation to amount owing from Xinxiang Hongjing Zhiye Co., Ltd ("**Hongjing**") for the remaining proceeds for land disposal in Xinxiang City in FY2013 and that the carrying amount of the balance after impairment loss is RMB Nil, 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.

Please disclose (i) the actions taken to recover the trade and other receivables and (ii) the Company's plans to recover these other receivables.

The Company's Response

The Company's other receivables (as at 30 Jun 2023) of RMB1,777,000 are broken down as follows:

Other Receivables	Amount (RMB'000)	Nature/Terms
Zhejiang Yiran Energy Co., Ltd.	1,350	Introduction fee receivable. Fee expected to be received by beginning of FY2024.
Shenzhen Huabang Investment Co., Ltd.	119	Agency fees receivable. Fee expected to be received by beginning of FY2024.
China Railway Fourth Bureau Group First Engineering Co., Ltd.	135	This is compensation receivable from the railway company for occupying part of our leased land. Compensation expected to be received by beginning of 2024.
Others	173	Miscellaneous amounts due from 27 parties.
Total	1,777	

The Company had through the solicitors negotiated with Hongjing for the amount of RMB5,000,000 due from them. While Hongjing had represented that the outstanding balances will be paid on or before end of 31 December 2024, the Company had taken the prudent approach to write back the balance and only recognise as other income subsequent to the receipt of said funds.

SGX RegCo's Query 4:

It is stated on page 13 of the unaudited financial statements that, the Group's prepayments amount to RMB 5,857,000 as at 30 June 2023.

Please disclose:

- (i) a breakdown of the prepayments amounting to RMB 5,857,000 and identify the nature of each of the prepayments;
- (ii) when the prepayments were made, and the terms of the prepayments, where applicable;
- (iii) whether the suppliers are related parties of the Group;
- (iv) whether the Group has made any impairment of the prepayments for this financial period and whether the Group is still purchasing from them.

The Company's Response

The Group's prepayments of RMB5,857,000 (as at 30 Jun 2023) are broken down as follows:

Prepayment	Amount (RMB'000)	Nature/Terms	Still a supplier of the Group?
Xingyang Guofeng Agricultural Machinery Operation Professional Cooperative	1,035	Advance payment for production costs	Yes
Xingyang Linyuan Fruit Tree Planting Professional Cooperative	570	Advance payment for production costs	Yes
Zhengzhou Agricultural Financing Guarantee Co., Ltd.	200	Refundable loan deposit	Yes
Zhecheng County Chaoxi Trading Co., Ltd.	1,680	Refundable repayment to supplier	Yes
Ningling County Huijia Trading Co., Ltd.	486	Refundable repayment to supplier	Yes

Zhengzhou Chaoyixi Trading Co., Ltd.	800	Refundable repayment to supplier	Yes
Luoyang Kairen Network Technology Co., Ltd.	900	Refundable repayment to supplier	Yes
Yihai Kerry Food Marketing Co., Ltd. Zhengzhou Branch	56	Refundable repayment to supplier	Yes
Xinxiang County Planning and Construction Bureau	52	Work insurance deposit	No
Zhongyuan Agricultural Insurance Co., Ltd.	88	Prepaid business insurance	Yes
Total	5,867		

None of the above prepayment are related parties and there are no impairment provision made for the above balances.

SGX RegCo's Query 5:

It is stated on page 14 of the unaudited financial statements that, the Group has recognized other payables amounting to RMB7,982,000 as at 30 June 2023. Please disclose the aging and nature of these other payables and whether the counterparties are related parties.

The Company's Response

Other Payables	Amount (RMB'000)	> 30 days	> 1 year	> 3 year
Gaoshan Town Village Level Financial Management Office ⁽¹⁾	2,101	2,101	-	-
Interest payable for Loan 3 ⁽²⁾	1,517	1,517	-	-
Provision for real estate projects ⁽³⁾	4,204	-	-	4,204
Others ⁽⁴⁾	160	53	49	58
Total	7,982	3,671	49	4,262

None of the above other payables are related parties.

- (1) This balance relates to the partial compensation received from the local provincial government for utilising part of the Group's leased land for the building of expressway. The Group will recognise this amount as other income once the compensation amount is confirmed.
- (2) This balance relates to the accrued interest payable for Loan 3 and will be settled once the Loan 3 Restructuring approved.
- (3) These balances relate to warranty provisions made previously for the Group's real estate projects.
- (4) These relate to balances due to 118 parties.

BY ORDER OF THE BOARD

Mr Zhai Kebin
CEO & Executive Chairman

16 October 2023