

PROPOSED CAPITAL REORGANISATION

1. INTRODUCTION

The Board of Directors (the “**Board**”) of China Mining International Limited (the “**Company**”) wishes to announce that the Company is proposing to undertake a reorganisation of its share capital (the “**Proposed Capital Reorganisation**”).

As at the date of this announcement, the authorised share capital of the Company is S\$500,000,000 (equivalent to about RMB2,536,333,000) divided into 8,000,000,000 ordinary shares with a par value of S\$0.0625 each (the “**Shares**”), of which 1,173,600,000 Shares (including treasury shares) with a par value of S\$0.0625 each have been issued and fully paid up.

The Proposed Capital Reorganisation involves the following:

- (a) the reduction of the issued and paid-up share capital of the Company (the “**Proposed Capital Reduction**”) from S\$73,350,000 (equivalent to about RMB368,358,000) divided into 1,173,600,000 Shares (including treasury shares) with a par value of S\$0.0625 each in the capital of the Company to S\$1,173,600 (equivalent to about RMB5,894,000) divided into 1,173,600,000 shares (including treasury shares) with a par value of S\$0.001 each in the capital of the Company, by the cancellation of the paid-up share capital of the Company to the extent of S\$0.0615 on each of the Shares with a par value of S\$0.0625 in the capital of the Company in issue on the effective date of the Proposed Capital Reorganisation (the “**Effective Date**”), so that each issued Share with a par value of S\$0.0625 in the capital of the Company shall be treated as one fully paid-up share with a par value of S\$0.001 in the capital of the Company as at the Effective Date and any liability of the holders of such Shares to make any further contribution to the share capital of the Company on each such Share shall be treated as satisfied;
- (b) subject to and forthwith upon the Proposed Capital Reduction taking effect, the cancellation of all the authorised but unissued Shares with a par value of S\$0.0625 each in the capital of the Company (which shall include the authorised but unissued Shares resulting from the Proposed Capital Reduction) and the diminution of the authorised share capital of the Company of S\$500,000,000 (equivalent to about RMB2,536,333,000) by S\$498,826,400 (equivalent to about RMB2,530,439,000) representing the amount of Shares so cancelled and, forthwith upon such cancellation, the increase of the authorised share capital of the Company to S\$500,000,000 (equivalent to about RMB2,536,333,000) by the creation of 498,826,400,000 shares with a par value of S\$0.001 each in the capital of the Company (representing the difference between 500,000,000 shares with a par value of S\$0.001 each and the number of shares with a par value of S\$0.001 each in the capital of the Company in issue after the Proposed Capital Reduction); and
- (c) subject to and forthwith upon the Proposed Capital Reduction taking effect, the application of the credit amount of S\$72,176,400 (equivalent to about RMB362,464,000) arising from the Proposed Capital Reduction to a distributable reserve account of the Company where it may be utilised by the directors of the Company in accordance with the Articles of Association of the Company (the “**Articles**”) and all applicable laws.

Upon the Proposed Capital Reorganisation taking effect:

- (i) the par value of the issued and unissued Shares will be reduced from S\$0.0625 to S\$0.001 and the issued share capital will be S\$1,173,600 (equivalent to about RMB5,894,000) divided into 1,173,600,000 shares (including treasury shares) with a par value of S\$0.001 each in the capital of the Company; and
- (ii) the authorised share capital of the Company will be unchanged at S\$500,000,000 (equivalent to about RMB2,536,333,000) but will be divided into 500,000,000,000 shares with a par value of S\$0.001 each.

There will be no change to the total number of issued and paid-up Shares pursuant to the Proposed Capital Reorganisation. The new ordinary shares with a par value of S\$0.001 each in the capital of the Company (the “**New Shares**”), after the Proposed Capital Reduction becoming effective, will rank *pari passu* in all respects with each other.

The Board proposes to effect the Proposed Capital Reduction pursuant to which the par value of each of the issued Shares will be reduced from S\$0.0625 to S\$0.001 each by cancelling the paid-up capital to the extent of S\$0.0615 per issued Share. The credit arising from such reduction of S\$72,176,400 (equivalent to about RMB362,464,000) will be transferred to a distributable reserve account of the Company, and may be utilised by the Directors in accordance with the Articles and all applicable laws.

2. RATIONALE FOR THE PROPOSED CAPITAL REORGANISATION

The Board noted that the Shares have been trading between S\$0.0500 and S\$0.0330 during the three months immediately preceding the date of this announcement, with a weighted average price of approximately S\$0.0350 as at the date of this announcement, which prices are below the existing par value per Share of S\$0.0625. Under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Cayman Companies Law**”), shares of a Cayman Islands company may not be issued for an amount less than the par value of the shares. Accordingly, the Proposed Capital Reorganisation will provide the Company with greater flexibility to issue new shares in the future for the purposes of fund-raising or facilitating corporate actions which may require the issuance of new shares. Thus, it is in the interests of the Company and the shareholders of the Company (the “**Shareholders**”) as a whole that the Company undertakes the Proposed Capital Reorganisation, so that the Company can take advantage of opportunities as and when they arise.

3. CONDITIONS PRECEDENT FOR THE PROPOSED CAPITAL REORGANISATION

The Proposed Capital Reorganisation is conditional upon: -

- (a) the passing by the Shareholders of a special resolution to approve the transactions contemplated by the Proposed Capital Reorganisation, including the Proposed Capital Reduction, at an extraordinary general meeting (“**EGM**”);
- (b) an order being made by the Grand Court of the Cayman Islands (the “**Court**”) confirming the Proposed Capital Reduction;
- (c) the registration by the Registrar of Companies of the Cayman Islands of the order of the Court confirming the Proposed Capital Reduction and the minute approved by the Court containing the particulars required under the Cayman Companies Law with respect to the Proposed Capital Reduction;
- (d) compliance with any conditions as may be imposed by the Court in relation to the Proposed Capital Reduction;

- (e) compliance with all relevant legal procedures and requirements under the laws of the Cayman Islands and Singapore (if any) to effect the Proposed Capital Reorganisation (including the Proposed Capital Reduction); and
- (f) the receipt of all necessary approvals (if any) from the regulatory authorities, including but not limited to, the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), as may be required in respect of the transactions contemplated by the Proposed Capital Reorganisation, including the Proposed Capital Reduction.

As at the date of this announcement, the Company has submitted a draft circular to be despatched to Shareholders in relation to the Proposed Capital Reorganisation (the “**Circular**”) to the SGX-ST. The Company will make further announcements on the Proposed Capital Reorganisation as and when necessary to update Shareholders.

Shareholders and potential investors should be aware of and take note that the Proposed Capital Reorganisation is conditional upon satisfaction of the conditions precedent set out above, and therefore may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

4. EFFECT OF THE PROPOSED CAPITAL REORGANISATION

Details of the financial effects of the Proposed Capital Reorganisation (based on the audited financial statements of the Company for the financial year ended 31 December 2011) are set out below, and are solely for illustrative purposes. They may not give a complete picture and may not be indicative of the actual financial effects of the Proposed Capital Reorganisation.

(a) Share Capital

The effects of the Proposed Capital Reorganisation on the issued and paid-up share capital of the Company as at 31 December 2011, assuming that the Proposed Capital Reorganisation had been effected on 31 December 2011, are summarised below:

	Before the Proposed Capital Reorganisation	After the Proposed Capital Reorganisation
Authorised share capital		
Number of shares	8,000,000,000	500,000,000,000
Par value (S\$)	0.0625	0.001
Total (S\$)	500,000,000 (equivalent to about RMB2,536,333,000)	500,000,000 (equivalent to about RMB2,536,333,000)
Issued and paid-up share capital		
Number of shares (including treasury shares)	1,173,600,000	1,173,600,000
Par value (S\$)	0.0625	0.001
Total (S\$)	73,350,000 (equivalent to about RMB368,358,000)	1,173,600 (equivalent to about RMB5,894,000)

(b) Shareholders' funds and reserves

	Before the Proposed Capital Reorganisation (RMB'000)	After the Proposed Capital Reorganisation (RMB'000)
Share capital	368,358	5,894
Share premium	224,594	224,594
Treasury shares	(18)	(18)
Capital reserve	49,031	49,031
Distributable reserve	-	362,464
Retained earnings	66,503	66,503
Equity attributable to equity holders of the Company	708,468	708,468

(c) Earnings per Share (“EPS”), net tangible assets (“NTA”) and gearing

The implementation of the Proposed Capital Reorganisation will not have any effect on the EPS, NTA and gearing of the Company and its subsidiaries (the “Group”). No capital will be returned to Shareholders and there will be no change in the number of Shares held by Shareholders immediately after the Proposed Capital Reorganisation.

There will be no change to the number of issued and paid-up Shares pursuant to the Proposed Capital Reorganisation.

Shareholders should note that the financial effects set out above are theoretical in nature and the actual financial effects may differ significantly. The illustrative financial effects are not necessarily indicative of the future actual financial position, earnings and gearing of the Group after completion of the Proposed Capital Reorganisation.

All New Shares will rank *pari passu* in all respects with each other and the Proposed Capital Reduction will not result in any change in the relative rights of the Shareholders.

Other than the relevant expenses incurred or to be incurred in relation to the Proposed Capital Reorganisation, the implementation thereof will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders. The Board believes that the Proposed Capital Reorganisation will not have any material adverse effect on the financial position of the Group.

The Proposed Capital Reorganisation will not involve the diminution of any liability in respect of the unpaid capital or the payment to any Shareholders of any fully paid-up share capital of the Company. Based on the audited financial statements of the Company for the financial year ended 31 December 2011, the Company's retained earnings, as at 31 December 2011, was RMB66,503,000 and a sum of RMB224,594,000 was standing to the credit of its share premium account. Subject to and forthwith upon the Proposed Capital Reduction taking effect, the credit amount of S\$72,176,400 (equivalent to about RMB362,464,000) arising from the Proposed Capital Reduction will be credited to a distributable reserve account of the Company.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the directors of the Company have any interest, direct or indirect, in the Proposed Capital Reorganisation (other than through their respective shareholdings in the Company). To the best of the knowledge of the Board, none of the substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Capital Reorganisation (other than through their respective shareholdings in the Company).

6. CIRCULAR TO SHAREHOLDERS

Further details of the Proposed Capital Reorganisation will be announced and/or included in the Circular. The Circular will also enclose the Notice of EGM for the Proposed Capital Reorganisation.

BY ORDER OF THE BOARD

Li Bin
Chief Executive Officer and Executive Director

19 October 2012