



**CHINA MINING INTERNATIONAL LIMITED**

中矿国际有限公司

Company Registration No. CT-140095

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**AUDIT ADJUSTMENTS BY THE EXTERNAL AUDITORS IN RESPECT OF THE FINANCIAL RESULTS OF CHINA MINING INTERNATIONAL LIMITED (THE “COMPANY”) AND ITS SUBSIDIARIES (THE “GROUP”) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (“FY2013”)**

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*Unless otherwise stated, all capitalized terms herein shall have the same meanings as that ascribed in the announcement made by the Company on 1 March 2014 (the “Announcement”)*

The Board of Directors of the Company (the “Board”) would like to inform that, following the audit carried out by the External Auditors of the Company (the “Auditors”), subsequent to the Announcement made by the Company of the unaudited financial results of the Group for FY2013 (the “Unaudited Announced Results”), the Auditors had proposed certain audit adjustments to be made to the Announced Results in relation to the disposal of the Xinxiang Land (as detailed below) (the “Audit Adjustments In Relation To The Xinxiang Land Disposal”), which the same had been agreed to and accepted by the Board.

Xinxiang Land

On 15 November 2010, the Company’s subsidiary, Xinxiang Huilong Real Estate Co., Ltd (“Xinxiang Huilong”) entered into a sale and purchase agreement (the “SPA”) with an unrelated third party (the “Purchaser”) for the sale of a piece of land located at Xinxiang New District, Western District of Xinxiang city (the “Xinxiang Land”) for a total cash consideration of approximately RMB52.1 million (the “Consideration”), which was arrived at based on the “as-it-is” status of the Xinxiang Land as at the date of the SPA.

Of the Consideration, a cash deposit of RMB25.0 million (the “Deposit”) had been received by Xinxiang Huilong, with the balance of approximately RMB27.1 million (“Balance Consideration”) remains outstanding. The Balance Consideration is to be paid after the Purchaser has obtained the land use rights in respect of a suitable land parcels with rights to residential/commercial use in substitution for the Xinxiang Land (the “Substituted Land”).

The relevant Chinese authorities took back the Xinxiang Land but have yet to compensate the Purchaser with the Substituted Land. Due to the protracted process and lack of visibility by the relevant Chinese authorities in fulfilling the compensation, the possibility that the Deposit might need to be refunded if the sale and purchase of the Xinxiang Land is not completed and as a matter of prudence, the Company adopted the view in its Unaudited Announced Results that the Xinxiang Land could no longer be held as “Property under Development for Sale” in the balance sheet of the Group and had fully impaired it by RMB52.1 million in the fourth quarter of FY2013.

Subsequently and pursuant to a supplemental agreement entered into by Xinxiang Huilong with the Purchaser on 6 May 2014 (the “Supplemental Agreement”), the Purchaser agreed to waive its rights on any possible resource to the Deposit (the “Waiver”) and shall continue to assume its responsibilities in procuring the Substituted Land from the relevant Chinese authorities and honor its obligations in settling the Balance Consideration via a payment schedule as follows regardless of whether the Substituted Land has been procured or not as at the respective payment due dates (the “Committed Payment Schedule”):

1. RMB10.0 million by 30 June 2015;
2. RMB10.0 million by 30 September 2015; and
3. RMB7.1 million by 31 December 2015

Consequence to the Supplemental Agreement, in view of the Waiver and the Committed Payment Schedule, the Deposit, previously recognized as an “other payable”, had been netted-off against the cost of land use rights of the Xinxiang Land, with the resultant balance, equivalent to the Balance Consideration, being recognized as an “other receivable” as at 31 December 2013 (the “Receivable”). However, in view of the uncertainty in the collectability, a full allowance was made on the Receivable.

After taking into account the Audit Adjustments In Relation to the Xinxiang Land Disposal, the Unaudited Announced Results of the Group for FY2013 would have bore the following financial effects to result in the resultant audited financial results of the Group for FY2013 (the “Audited Results”):

*In respect of the Statement of Comprehensive Income of the Group for FY2013*

A reduction in the post-tax loss of the Group by approximately RMB25.0 million from approximately RMB154.7 million (as per the Unaudited Announced Results) to approximately RMB129.7 million (as per the Audited Results).

*In respect of the Statement of Financial Position of the Group as at 31 December 2013*

A reduction in the current liability of the Group by approximately RMB25.0 million from approximately RMB181.1 million (as per the Unaudited Announced Results) to approximately RMB156.1 million (as per the Audited Results).

BY ORDER OF THE BOARD

Mr Li Bin  
CEO & Executive Director

12 May 2014