



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 CONNECTION WITH THE COMPANY'S ANNOUNCEMENT OF ITS UNAUDITED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 ("1H2020") MADE ON 11 AUGUST 2020 (THE "1H2020 UNAUDITED RESULTS ANNOUNCEMENT")

The Board of Directors (the "**Board**" or the "**Directors**") of China Mining International Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the questions raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 25 August 2020 in connection with its 1H2020 Unaudited Results Announcement, and appends its corresponding replies as follows:

SGX-ST's Query (a):

Given the significant change in the economic, operating and business conditions caused by the COVID-19 pandemic which would be prevailing as at 1H2020, please state how the Company would have disclosed all material information relating to the assessment of the value of its financial assets at fair value through other comprehensive income and completed properties for sale of RMB 70,332,000 and RMB 10,553,000 respectively, to enable investors to make informed investment decisions;

The Company's Response:

- (a) With regard to our financial asset (at fair value through other comprehensive income ("**FVOCI**") of RMB 70,332,000 as at 30 June 2020 in connection with the Company's investment in Sino Feng International S.à.r.l (the "**Financial Asset (FVOCI)**"), which, in turn through the latter's investment in Aero Wind Properties Pty Limited, holds a mining right granted by the relevant South African authority in respect of an iron ore mine located in Thabazimbi district, Limpopo Province, South Africa (the "**Thabazimbi Project**")

Please refer to our response to Query (b) below for details of the relevant material information affecting the assessment of the value of the Financial Asset (FVOCI) as at 30 June 2020, given the significant change in the economic, operating and business conditions caused by the Covid-19 pandemic which prevailed as at 1H2020.

- (b) With regard to our completed properties for sale of RMB10,553,000 as at 30 June 2020 (the "**Completed Properties for Sale**")

The additional material information relating to the assessment of the value of our Completed Properties for Sale as at 30 June 2020 would be the relative values between:

- the transacted sale prices of the relevant units sold during 1H2020; and
- the book values of these sold units,

(the "**Relative Values Assessment**").

It was disclosed in the 1H2020 Unaudited Results Announcement that the decrease in the Completed Properties for Sale by RMB1.2 million (from RMB11.7 million as at 31 December 2019 to RMB10.6 million as at 30 June 2020) was due principally to the delivery of completed units to the buyers concerned. As the said sales of RMB1.2 million, comprising four units sold during the Covid-19 period, were all transacted at sale prices above the respective book values of the relevant units sold, no impairment was made to the carrying value of the Completed Properties for Sale of RMB10,553,000 as at 30 June 2020.

SGX-ST's Query (b):

Please clarify if the Company has assessed the value of its financial assets at fair value through other comprehensive income and completed properties for sale for the financial period ended 30 June 2020, and its basis of assessment. Please explain how the Board has addressed its mind to the carrying value of its financial assets at fair value through other comprehensive income and completed properties for sale, and decided if any material change is required, in view of the current Covid-19 situation.

The Company's Response:

1. With regard to the Financial Asset (FVOCI)

The Company has assessed the value of its Financial Asset (FVOCI) as at 30 June 2020 based on the AP Appraisal Valuation Approach to the Thabazimbi Project (as defined hereinafter).

AP Appraisal Limited ("**AP Appraisal**"), an independent Hong Kong based valuer, has been retained by the Company to evaluate the fair value of the Thabazimbi Project as at the end of each financial year, the latest being 31 Dec 2019. Based on the income-based approach adopted by AP Appraisal, the valuation of the Thabazimbi Project carried out by AP Appraisal, by reference to both historic performance and forecasts, estimated:

- (i) the future cash flows for the 30-year period of the estimate operating lifespan of the said mine, commencing from 2023 (the "**Expected Commencement of Commercialization of the Thabazimbi Project**"), according to the resource estimation; and
- (ii) a suitable discount rate,

in order to calculate the present value of the Thabazimbi Project (the "**AP Appraisal Valuation Approach to the Thabazimbi Project**").

As the Expected Commencement of Commercialization of the Thabazimbi Project is expected to take place only in 2023 and with the selling price of per tonne of iron ore as at 30 June 2020 fluctuating within the same range-bound as at 31 December 2021, the Board is of the view that the current Covid-19 situation is not expected to have a material impact on the abovementioned bases and assumptions underpinning the AP Appraisal Valuation Approach to the Thabazimbi Project. Accordingly, no adjustment was made to the carrying value of the Financial Asset (FVOCI) as at 30 June 2020.

2. With regard to the Completed Properties for Sale

The Company has assessed the value of its Completed Properties for Sale as at 30 June 2020 based on the Relative Values Assessment.

The Board concurred with the conclusion of the Relative Values Assessment as mentioned in our respond to Query (a) above, and hence is of the view that no adjustment needs to be made to the carrying value of the Completed Properties for Sale as at 30 June 2020.

BY ORDER OF THE BOARD
Ms Dong Lingling
Executive Director

26 August 2020