



## CHINA MINING INTERNATIONAL LIMITED

中矿国际有限公司

(Incorporated in the Cayman Islands)

(Company Registration No. CT-140095)

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### 1. PROPOSED PLACEMENT OF 70,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF CHINA MINING INTERNATIONAL LIMITED TO RAISE GROSS PROCEEDS OF S\$2,975,000

#### - RE-CLASSIFICATION OF USE OF PROCEEDS

### 2. ESTABLISHMENT OF A 70:30 JOINT VENTURE COMPANY IN CHINA BETWEEN A SUBSIDIARY OF THE COMPANY AND A THIRD-PARTY, HENAN JIAYOUHUI INTERNET TECHNOLOGY CO LTD, IN FAVOUR OF THE FORMER

#### - CLARIFICATION ON INITIAL INVESTMENT AND FURTHER DISCLOSURES RELATING TO THE ESTABLISHMENT OF THE JOINT VENTURE COMPANY

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## 1. BACKGROUND

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 following announcements previously made by the Company:

- (a) the announcement dated 8 January 2022 in relation to the proposed placement of 70,000,000 new ordinary shares in the capital of the Company to raise gross proceeds of S\$2,975,000 (the “**Placement Announcement**”); and
- (b) the announcement dated 21 March 2022 in relation to the establishment of a 70:30 joint venture company in China between a subsidiary of the Company and a third-party, Henan Jiayouhui Internet Technology Co Ltd, in favour of the former (the “**JV Announcement**”),

and would like to make certain clarifications and further disclosures in relation to the above. Unless otherwise defined, capitalised terms used herein shall have the meanings ascribed to them in the Placement Announcement or the JV Announcement (as the case may be).

## 2. PLACEMENT ANNOUNCEMENT

In Section 6 of the Placement Announcement, the Company had disclosed the intended use of proceeds to be raised from the Proposed Placement. Upon further consideration, the Company has determined that re-classifying the intended use of proceeds by separating the intended use of proceeds to be raised from each of Tranche A and Tranche B would provide better clarity and facilitate the monitoring of the use of proceeds.

Accordingly, the net proceeds to be raised from each of Tranche A and Tranche B (after deducting estimated expenses of S\$100,000 in aggregate relating thereto) will be used by the Company in the following estimated proportions:

Use of proceeds	S\$	% of Net Proceeds raised from Tranche A	S\$	% of Net Proceeds raised from Tranche B	S\$	% of Total Net Proceeds
i. For the investment and working capital needs of the Group arising from new business opportunities and new products in connection with the growth, development and expansion of the existing businesses of the Group:						
• Disbursements relating to the Group's investments (including but not limited to HYNFSC)	602,000	42.10	-	-	602,000	20.94
• Expenses relating to R&D and production of new products	74,858	5.24	75,642	5.23	150,500	5.24
• Expenses relating to marketing of new products, including but not limited to promotional expenses to be incurred as and when new products are rolled out	74,857	5.23	75,643	5.24	150,500	5.24
<b>Sub-Total 1</b>	<b>751,715</b>	<b>52.57</b>	<b>151,285</b>	<b>10.47</b>	<b>903,000</b>	<b>31.41</b>
ii. For the working capital needs of the Group in connection with the existing products of the Group (including expenses relating to professional services and administration):						
• Expenses relating to production	212,727	14.88	823,273	56.97	1,036,000	36.04
• Operating expenses (including administrative expenses and professional fees)	412,337	28.83	416,663	28.83	829,000	28.84
• Staff costs (including salaries and employers' welfare contributions)	53,221	3.72	53,779	3.72	107,000	3.72
<b>Sub-Total 2</b>	<b>678,285</b>	<b>47.43</b>	<b>1,293,715</b>	<b>89.53</b>	<b>1,972,000</b>	<b>68.59</b>
<b>Grand Total</b>	<b>1,430,000</b>	<b>100.00</b>	<b>1,445,000</b>	<b>100.00</b>	<b>2,875,000</b>	<b>100.00</b>

The Company would like to highlight that the percentages of 31.41% and 68.59% for each sub-total respectively is consistent with that previously stated in the Placement Announcement. As at the date hereof, none of the net proceeds raised from Tranche A have been utilized.

### 3. JV ANNOUNCEMENT

#### 3.1. Investment Consideration

In the JV Announcement, it was disclosed that the Group is obliged to contribute an aggregate of RMB7.0 million for its share of the registered capital of HYNFSC. The Company would like to clarify that as at the date hereof, the Group has contributed RMB3.0 million, which was funded through internal resources. The balance of RMB4.0 million will be funded through a combination of net proceeds raised from Tranche A (as set out in Paragraph 2 above, up to S\$602,000 (or approximately up to RMB2.8 million) has been allocated for this purpose), with the remainder of not less than RMB1.2 million to be funded through internal resources.

The investment amount of RMB7.0 million was determined based on the projected operating expenses of HYNFSC for a period of 12 months and the respective shareholding interests of HCAC and HJYH in HYNFSC. The investment amount shall be contributed in cash by HCAC and the remaining RMB4.0 will be paid up by HCAC by the end of 2022.

#### 3.2. Value of HYNFSC

As at the date hereof, the book value and net tangible asset value of HYNFSC is about RMB3.0 million. The open market value or valuation of HYNFSC is not available as it is a newly incorporated company and is not publicly traded.

#### 3.3. Relative Figures under Chapter 10 of the Listing Manual

The relative figures of the Group's investment into HYNFSC (the "JV Investment") computed on the bases as set out in Rule 1006 of the Listing Manual (the "Listing Manual") of the SGX-ST and based on the Group's latest unaudited condensed financial statements for the six-months and full year ended 31 December 2021 ("FY2021") are set out as follows:

Bases Under Rule 1006	Relative Figure for FY2021
(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	N.A.
(b) The net profits <sup>(1)</sup> attributable to the assets acquired or disposed of, compared with the Group's net profits <sup>(1)</sup> .	N.A. <sup>(2)</sup>
(c) The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued Shares (excluding treasury shares and subsidiary holdings).	9.76 <sup>(3)</sup>
(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A.
(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil & gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	N.A.

**Notes:**

- (1) Net profit means profit means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests .
- (2) As HYNFSC is a newly-incorporated company without any business operations, there are no net profits attributable to the Group's 70% stake in HYNFSC.
- (3) Based on the investment consideration of RMB7.0 million (approximately S\$1,492,187) and the market capitalisation of the Company being S\$15,292,529 million, which is calculated based on the weighted average price of S\$0.041 per ordinary share in the capital of the Company ("**Share**") on 21 March 2022 (being the market day preceding the date of the joint venture agreement) and 372,988,500 Shares in issue (excluding treasury shares and subsidiary holdings) as at 21 March 2022 (being the market day preceding the date of the joint venture agreement).

Accordingly, the JV Investment is a disclosable transaction pursuant to Chapter 10 of the Listing Manual.

### **3.4. Financial Effects of the JV Investment**

#### **3.4.1. Bases and Assumptions**

The following are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company after completion of the JV Investment. The financial effects of the JV Investment on the Company as set out below are based on the Group's latest unaudited condensed financial statements for FY2021 and the following assumptions:

- (a) the financial effects on the Group's net tangible assets ("**NTA**") attributable to the shareholders of the Company ("**Shareholders**") and the NTA per Share have been computed assuming that completion of the JV Investment took place on 31 December 2021; and
- (b) the financial effects on the Group's earnings attributable to the Shareholders and the earnings per Share ("**EPS**") have been computed assuming that completion of the JV Investment took place on 1 January 2021.

#### **3.4.2. Share Capital**

As no new Shares will be issued in connection with the JV Investment, the JV Investment will not have any impact on the share capital of the Company.

#### **3.4.3. NTA per Share**

As no new Shares will be issued in connection with the JV Investment, the JV Investment will not have any impact on the NTA per share.

#### **3.4.4. EPS**

As no new Shares will be issued in connection with the JV Investment, the JV Investment will not have any impact on the EPS.

### 3.4.5 Gearing

	Before the JV Investment	On Completion
Net borrowings/(cash) <sup>(1)</sup> as at 31 December 2021 (RMB'000)	75,732	82,732
Shareholders' equity (RMB'000)	211,110	211,110
Gearing (times)	0.36	0.39

**Note:**

- (1) Net borrowings means total borrowings less cash and bank balances. Net cash means cash and bank balances are more than total borrowings.

### 3.5. Rationale for the JV Investment

The JV Investment via the establishment of HYNFSC is for the primary purpose of carrying on the business of retailing and supply chain management in China, principally via the internet, concerning agricultural products and produce (processed or otherwise) sourced from the Group or elsewhere with a view to become one of the leading Henan-based internet supply chains in the foreseeable future.

### 3.6. Service Contracts

There are no directors proposed to be appointed to the Board in connection with the JV Investment.

**BY ORDER OF THE BOARD  
CHINA MINING INTERNATIONAL LIMITED**

Mr Zhai Kebin  
CEO & Executive Director

6 April 2022