CHINA MINING INTERNATIONAL LIMITED

中矿国际有限公司

(Incorporated in the Cayman Islands)

(Company Registration No. CT-140095)

DISCLAIMER OF OPINION BY AUDITORS ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Rules**"), the Board of Directors (the "**Board**") of China Mining International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that Company's Independent Auditor, Crowe Horwath First Trust LLP, has issued an Independent Auditor's Report dated 15 April 2025. In this report, the auditors have included a disclaimer of opinion (the "**Disclaimer of Opinion**") in relation to the consolidated financial statements of the Group and the Company for the financial year ended 31 December 2024 (the "**Financial Statements**").

The basis for the Disclaimer of Opinion is detailed in the Independent Auditor's Report, a copy of which together with the relevant extract of Note 2.2 to the Financial Statements pertaining to the Group's and the Company's going concern assumption are attached to this announcement for information. Shareholders of the Company are advised to read this announcement in conjunction with the Company's Annual Report for FY2024, which includes the Independent Auditor's Report and the Financial Statements and will be released on SGXNet before Annual General Meeting.

Cautionary Statement

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. In the event of any doubt, they should consult their stockbrokers, bank managers, solicitors, accountants, or other professional advisers.

BY ORDER OF THE BOARD

Guo Wenjun
Executive Chairman and Chief Executive Officer
15 April 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHINA MINING INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of China Mining International Limited (the "Company") and its subsidiaries (the "Group"), set out on pages 65 to 142, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position and statement of changes in equity of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Impairment of non-financial assets

(a) Impairment of Property, Plant and Equipment ("PPE") and Intangible Assets ("IA") of the Group

As disclosed in Note 7 to the financial statements, during the financial year ended 31 December 2024 ("FY 2024"), the Group's landlords terminated the farmland leases following a PRC government directive to repurpose land use. Bearer plants representing pomegranate trees planted on those farmlands with a carrying amount of RMB 53,187,000 were written off, as there was no recoverable value or compensation to be made to the Group based on the early termination agreements except to offset with any unpaid leases owed to the respective lessors. Consequently, the Group ceased pomegranate cultivation on the leased farmland ("Agriculture Business") and did not generate any revenue in FY 2024.

Furthermore, as disclosed in Note 41 to the financial statements, in February 2025, certain PPE of a subsidiary in the Agriculture Business ("Agri Group") has been seized by Xingyang People's Court of the PRC ("the Court"), as part of the enforcement of a mediation reached concerning non-repayment of a loan from government agency ("Loan 3"). Accordingly, the Group recorded impairment loss of RMB 13,477,000 during FY 2024 to reduce the carrying amount of the seized PPE to RMB 2,000,000, which is the management's expected recoverable value from auction by the Court.

Apart from the seized PPE and other affected PPE of the same subsidiary, management has determined that no further impairment is required on the remaining PPE and IA of the Agri Group with a carrying amount of RMB 3,899,000 and RMB 410,000 respectively as at 31 December 2024.

Basis for Disclaimer of Opinion (Continued)

1. Impairment of non-financial assets (Continued)

(a) Impairment of Property, Plant and Equipment (“PPE”) and Intangible Assets (“IA”) of the Group (Continued)

However, we were not able to verify the recoverable amounts of the seized assets as we were not provided with the basis and supporting documents for this assumption. We were also unable to obtain explanations and supporting documents from management as to why no additional impairment is required on the remaining PPE and IA of the Agri Group. Therefore, we were unable to satisfy ourselves regarding the appropriateness of the carrying amount of the Group’s PPE and IA as at 31 December 2024, the adequacy of the impairment loss of PPE and IA recorded for FY 2024, including the disclosures therein.

(b) Impairment of investment in subsidiaries of the Company

As at 31 December 2024, the carrying amount of the Company’s investment in subsidiaries stood at RMB 151,112,000 (net of brought forward impairment allowance of RMB 403,919,000) as disclosed in Note 11. The carrying amounts comprise investment in subsidiaries with no active revenue generating activities, as these business segments were either disposed of (property development) or has ceased during FY 2024 (Agri Group). In addition, the Company has written off an amount owing to subsidiaries of RMB 128,167,000 to the profit or loss during FY 2024.

Management has neither reversed the impairment previously provided for nor provided for additional impairment for the investment in subsidiaries.

We were unable to obtain explanation and supporting documents from management as to why no additional impairment is required for FY 2024 given the cessation of business and write off of liabilities. Consequently, similar with matter 1(a) above, we were unable to satisfy ourselves regarding the appropriateness of the carrying amount of Company’s investment in subsidiaries as at 31 December 2024, whether adjustments were necessary, and the corresponding impact to profit or loss, including the disclosures therein.

2. Assessment of the classification and presentation requirements under IFRS 5 in relation to cessation of Agriculture Business – Fully Rich International Investment Limited and its subsidiaries (“Agri Group”)

As disclosed in Note 7 to the financial statements and matter 1 above, the Group has ceased its Agriculture Business as a result of early termination of farmland due to policy changes by the government. Part of the PPE of the Agri Group representing key assets of the pomegranate processing and storage facility had also been seized by the Court due to default of a government loan. However, the assets and liabilities and results of the Agri Group were not presented as held for sale and discontinued operation respectively, in accordance with IFRS 5 *Non-current assets held for sale and Discontinued Operations*.

Basis for Disclaimer of Opinion (Continued)

2. Assessment of the classification and presentation requirements under IFRS 5 in relation to cessation of Agriculture Business – Fully Rich International Investment Limited and its subsidiaries (“Agri Group”) (Continued)

   Should the Agri Group be classified as held for sale / discontinued operation, non-currents assets and non-current liabilities of Agri Group amounting to RMB 6,309,000 and RMB 2,498,000, will be classified in current assets and current liabilities respectively, which will reduce non-current assets and liabilities by the same amount. Loss from Agri Group for FY 2024, amounting to RMB 75,261,000, as reported in Segment reporting (Note 38 to the financial statements), will also be presented separately from continuing operations in the profit or loss with the comparative figures being re-presented in a consistent manner.

3. Measurement of financial assets, at FVOCI

   As at 31 December 2024, the Group and the Company has an 40.15% interest in unquoted equity investment in Sino Feng Mining International S.àr.l. (“Sino Feng”), which is classified as Financial assets, at Fair Value through Other Comprehensive Income (FVOCI) and measured at fair value of RMB 28,861,000. A fair value loss of RMB 20,364,000 was recognised in other comprehensive income during FY 2024.

   As disclosed in Note 12 to the financial statements and previous annual reports, fair value of the previous financial years were derived by an independent expert valuation based on the underlying iron ore mining right indirectly owned by Sino Feng, with key assumptions include, amongst others, iron ore price and discount rate. In contrary, for FY 2024, management has foregone the formal valuation and determined the fair value as at 31 December 2024 based on the disposal proceed quoted in a share sale agreement dated 11 March 2024 representing entire interest of the Company owning the mining right, a transaction which is not completed due to expiry as announced by the Company on SGXNet on 27 January 2025.

   As there is no valuation performed on the investment as at 31 December 2024, we were unable to obtain sufficient appropriate audit evidence to determine the appropriateness of the fair value of the investment. Accordingly, we were unable to conclude on the appropriateness of the carrying amount of the Financial assets, at FVOCI, recorded on the consolidated statement of financial position of the Group and the statement of financial position of the Company at RMB 28,861,000 and whether any adjustments were necessary for the fair value loss of RMB 20,364,000 recognised in other comprehensive income for FY 2024.

Basis for Disclaimer of Opinion (Continued)

4. <u>Expected credit losses on trade and other receivables, and prepayments</u>

As at 31 December 2024, the Group and the Company has significant credit risk exposure in respect of the following items:

(a) Trade receivables: As disclosed in Note 15 to the financial statements, the Group had outstanding net trade receivables from a major customer of Agriculture Business of RMB 1,213,000, stated after an allowance of Expected Credit Losses (“ECL”) of RMB 305,000. This amount comprised outstanding amounts for revenue recorded in 2022 and 2023 and is long overdue with no collection received during the year. This matter has also been included in our disclaimer of opinion for FY 2023.

(b) Other (non-trade) receivables: Included in other receivables of the Group and the Company is a net amount of RMB 972,000 owed by a third party, stated after an ECL allowance of RMB 106,000. This amount has been contractually overdue since October 2023 and no collection was received during the year. This matter has also been included in our disclaimer of opinion for FY 2023.

(c) Prepayments: Included in prepayments of the Group is an upfront payment made by the Group to a subcontractor of labourers for the plantation of pomegranates amounting to RMB 3,421,000. As disclosed in Note 16 to the financial statements, following the termination of business relationship due to cessation of Agriculture Business, the Group entered into an arrangement with the supplier to repay these prepayments by making payments of future operating expenses on behalf of the Group. The supplier agrees to fully repay the amount by 31 December 2025. As at the date of report, the Group only recovered RMB 859,000 by way of payments on behalf made by the supplier.

(d) VAT recoverable: Included in VAT recoverable of the Group of RMB 2,238,000 is in respect of input tax, which can be utilised against future profits.

Management has made the above ECL allowance on item (a) and (b) based on their best estimates in FY 2023 and determined that no further allowance is required for current financial year. However, due to limited information, there is insufficient evidence to substantiate the recoverability of these balances. Consequently, we were unable to conclude on the appropriateness of the trade receivables, and other receivables, deposit and prepayments as at 31 December 2024 and whether any adjustments were necessary, and the corresponding impact to profit or loss, including disclosures therein.

Basis for Disclaimer of Opinion (Continued)

5. <u>Completeness and existence of bank balances and contingent liabilities</u>

As at 31 December 2024, the Group reported cash and bank balances of RMB 959,000. We received confirmation replies from 7 banks which reported frozen funds totalling RMB 48,057,000 in relation to accounts of the Group held with these banks with balances totalling only RMB 456,000. Management is unable to provide explanations or details of these frozen funds. Management also represented that they are unaware of any freezing, asset preservation or enforcement order brought onto the Group or its controlling shareholder including their immediate family member other than the seizure order of the PPE of the Agriculture Business for the default of Loan 3 as discussed in matter 1 above and in Note 41 to the financial statements. We were also unable to obtain confirmation replies from 3 banks with total recorded balances of RMB 54,000 as at 31 December 2024.

We were unable to perform alternative audit procedures to obtain necessary and relevant information and explanations. Therefore, we were unable to conclude on the existence and completeness of the Group's bank balances as at 31 December 2024. Further, we are unable to determine the extent and completeness of the litigations and enforcement proceedings in the PRC due to the default loans or other matters. Consequently, we were also unable to determine the completeness of the liabilities recorded on the statements of financial position of the Group and the Company as at 31 December 2024 and the corresponding effects on the profit or loss for FY 2024, and whether there is any contingent liabilities as at 31 December 2024 to be disclosed.

6. <u>Use of going concern basis</u>

As disclosed in Note 2.2 to the financial statements, the Group reported no revenue and a significant net loss of RMB 78,165,000, mainly resulting from the lease terminations leading to cessation of the Agriculture Business. The Group recorded negative operating cash flows of RMB 3,553,000 for FY 2024, which contributed to depletion of cash and cash equivalents to RMB 503,000 as at 31 December 2024 as compared to RMB 7,353,000 a year ago.

As at 31 December 2024, the Group and the Company is in net current liabilities position of RMB 27,183,000 and RMB 113,000 respectively. The Group's current liabilities of RMB 38,314,000 mainly comprised of term loans either is overdue or due between January and August 2025 amounting to RMB 22,867,000 (Note 22). As of the date of this report, the Group has defaulted on several loans totalling RMB 22,486,000 and PPE representing key assets in Agri Group with a carrying amount of RMB 15,477,000 (before impairment of RMB 13,477,000) were seized by the Court on February 2025 due to the Group defaulted on a loan from a government agency ("Loan 3"). These conditions indicate the existence of multiple material uncertainties which may cast significant doubts on the abilities of the Group and the Company to continue as going concerns.

Basis for Disclaimer of Opinion (Continued)

6. Use of going concern basis (Continued)

Notwithstanding the above, the Board of Directors and management have prepared the financial statements on a going concern basis, relying on the assumptions as disclosed in Note 2.2 to the financial statements, including, (a) successful in securing an equity financing through private placement; (b) successful in mediation of Loan 3 of RMB 10,000,000 and that unpaid balance of loan from a corporate guarantor (Loan 6) of RMB 6,486,000 as at date of this report can be fully settled by collateral; (c) identify a new buyer and complete the sale of the Group's investment in equity interest of Sino Feng (as discussed in matter 3) within the next 12 months; (d) injection of new business to the Group; (e) the continued financial support from a controlling shareholder, Mr. Guo Ying Hui, which will enable the Group to operate as a going concern and to meet its obligations as and when they fall due. Such financial support includes not recalling the balances owed to Mr Guo's controlled entities within the next 12 months unless the Group has sufficient funds, and providing advances to the Group as needed.

As at the date of this report, we have been unable to obtain sufficient appropriate audit evidence regarding:

(a) the Group's financing plans, either through equity or debt financing and its ability to secure and complete it within the next 12 months.

(b) the Group's ability to successfully mediate or extend the maturity dates of the existing loans and value of collateral of Loan 6 is adequate to repay the remaining balance (Note 22).

(c) the plans and strategy on the Group's interest in Sino Feng and whether it can be realised within the next 12 months.

(d) the Group's plan to inject new business following cessation of Agriculture Business.

(e) Mr. Guo Ying Hui's financial ability to provide financial support to the Group to enable the Group to operate as a going concern and to meet its obligations as and when they fall due.

In view of the foregoing, we were unable to satisfy ourselves as to the appropriateness of the going concern basis of accounting used in the preparation of these financial statements.

Should the going concern basis be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities, where applicable, as current assets and current liabilities respectively. No such adjustments have been made to these financial statements.

Basis for Disclaimer of Opinion (Continued)

7. Opening balances

Our independent auditor's report on the consolidated financial statements of the Group and the statement of financial position of the Company for FY 2023 contained a disclaimer of opinion on going concern basis and the appropriateness of the ECL, as explained below:

(a) ECL of trade receivables and other receivables with carrying amount of RMB 1,213,000 and RMB 956,000 respectively, which remains unresolved, and as discussed in matter 4 (a) and (b) above;

(b) We were unable to obtain insufficient appropriate audit evidence to conclude on the recoverability of the advance payments made to four suppliers of trading goods totalling RMB 1,371,000, stated after an ECL allowance of RMB 2,495,000. The impaired balances were de-recognised upon the disposal of relevant subsidiary (Note 11(b) and Note 35) for which the Group has recognised a gain of disposal of RMB 237,000 during FY 2024.

In view of the above matters remaining unresolved, we were unable to determine whether the opening balances as at 1 January 2024 were fairly stated and the impact to the current year's financial statements. In particular, had the ECL recorded for item (b) in previous year been different, this would have corresponding impact to the gain or loss on disposal of the subsidiary.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of International Financial Reporting Standards (IFRSs), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHINA MINING INTERNATIONAL LIMITED (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing ("ISAs") and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we had fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

The engagement partner on the audit resulting in this independent auditor's report is Lim Thien Hoon.

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

15 April 2025

2. BASIS OF PREPARATION (Continued)

2.2. Fundamental accounting concept

During the financial year ended 31 December 2024 ("FY 2024"), the Group and the Company have encountered significant challenges and circumstances that indicate the existence of material uncertainties, which may cast significant doubts on the ability of the Group and of the Company to continue as a going concern. The key indicators and facts include the following:

- As disclosed in Note 7, the Group's landlords terminated the farmland leases following a PRC government decision to repurpose land use, in accordance with an Administrative Order issued in the financial year 2024 that mandated the return of substantial agricultural land. Consequently, the Group ceased pomegranate cultivation on the leased farmland ("Agriculture Business") and did not generate any revenue in FY 2024.

- During the current financial year ended 31 December 2024, the Group has recorded a net loss of RMB 78,165,000 (2023: RMB 84,532,000) and operating cash outflows of RMB 3,553,000 (2023: RMB 2,870,000). As at 31 December 2024, the Group and the Company had net current liabilities of RMB 27,183,000 (2023: RMB 22,532,000) and RMB 113,000 (2023: RMB 120,372,000) respectively. As of that date, the Group's cash and cash equivalents amounted to RMB 503,000, while its current liabilities stood at RMB 38,314,000, which mainly comprised of term loans either is overdue or due between January and August 2025 amounting to RMB 22,867,000 (Note 22). As of the date of this report, the Group has defaulted on several loans totalling RMB 22,486,000 and only Loan 4 with carrying amount of RMB 381,000 has been restructured.

- As disclosed in Note 41, plant and equipment owned by a subsidiary of the Group with a carrying amount of RMB 15,477,000 (before impairment) were seized by the Court on February 2025 due to the default of a loan from a government agency (Loan 3 of RMB 10,000,000).

Despite the above factors, the accompanying financial statements have been prepared on a going concern basis. Management's assessment of the Group's and the Company's ability to continue as a going concern includes the following key assumptions:

(a) the Group is able to secure equity financing amounting to RMB 10,000,000 through private placement to fund business development over the next two financial years;

(b) the Group managed to restructure Loan 4 (RMB 381,000) to be repaid over 3 years by April 2028. The Group also is in active discussion with the lenders and is confident to extend the maturity dates of the remaining outstanding loans of RMB 22,486,000 (Note 22) or confident of adequacy of collateral pledged (Loan 6);

(c) the management is actively exploring alternative options to realise value from the equity investment of 40.15% in Sino Feng Mining S.àr.l., including seeking new buyers or strategic partners and is confident to have significant developments within the next 12 months;

(d) the Group will continue to review and assess the Group's existing business strategies and overall financial performance of the Group and carry out cost cutting measures as and when appropriate;

(e) the Group is actively exploring potential new opportunities and business ventures following the cessation of its Agriculture Business; and

(f) the Group continues to receive financial support from Mr. Guo Ying Hui, a controlling shareholder of the Company, enabling it to operate as a going concern and meet its obligations as and when they fall due. Mr. Guo Ying Hui has agreed not to recall the aggregate amount of RMB 3,553,000 owing to his controlled entities (classified as non-current liabilities (Note 17(ii)) within the next 12 months, and to provide additional funds should the Group requires working capital.

2. BASIS OF PREPARATION (Continued)

2.2. Fundamental accounting concept (Continued)

In view of the above, the accompanying financial statements have been prepared on a going concern basis and no adjustment has been made to the financial statements to reflect the situation that assets may be realised other than in the normal course of business or at significantly different amount from that being currently recorded in the statements of financial position in the unlikely event that the Group and the Company cannot continue to operate on a going concern in the foreseeable future. In such circumstances, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets and liabilities as current assets and liabilities respectively.