



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 RESPONSE TO QUERIES RAISED BY THE SINGAPORE
EXCHANGE REGULATION RELATING TO THE COMPANY'S PUBLISHED DISCLAIMER OF OPINION
BY AUDITORS ANNOUNCED ON 15 APRIL 2025**

The Board of Directors (the “**Board**”) of China Mining International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the questions raised by the Singapore Exchange Regulation (“**SGX RegCo**”) relating to the announcement issued by the Company on 15 April 2025 entitled “Disclaimer of opinion by auditors on the audited financial statements for the financial year ended 31 December 2024” (the “**Announcement**”).

The Board appends below its corresponding replies to the questions raised by SGX RegCo:

SGX RegCo's Query 1:

We note the following from the auditor's basis for disclaimer of opinion:

- a. Impairment of non-financial assets – “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.”;
- b. Impairment of investment in subsidiaries of the Company – “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.”

Please explain why the aforementioned documents were not provided for audit purposes and the Company's efforts in obtaining the documents required by the auditors.

The Company's Response:

Both matters relate to the impairment of fixed assets in agricultural projects. A portion of assets in the agricultural projects was sealed off by the Xinyang City Court due to the default incident involving government agency financing (“**Loan 3**”). Neither the Company's management nor third-party assessors could conduct on-site inspections of the sealed assets, nor could they reasonably determine the relevant asset values and corresponding impairment amounts.

To keep auditors or third-party assessors informed about the asset status, the Company's management repeatedly communicated and coordinated with government lenders and local courts. However, due to judicial procedures and audit timeline constraints, no substantial progress was achieved.

Management maintains that the consolidated group financial statements reflect the Group's overall financial position, and China Mining International's carrying value of investments in its subsidiaries does not impact the consolidated financial reporting. Furthermore, given the auditors' inability to

verify the fixed asset impairment amounts in Item 1 due to inaccessible assets, management also cannot reasonably estimate impairment data for the subsidiary's investment carrying value.

Auditors insist that the Company should perform impairment testing on the carrying value of its subsidiary investments, requiring either a reversal of previously recognized impairment provisions or new impairment adjustments to the subsidiary's investment value.

The objective circumstances—specifically, the inability to confirm fixed asset impairment data—fail to meet the auditors' ideal evidentiary requirements, including the audit team's inability to conduct physical inspections due to court-ordered asset restrictions.

SGX RegCo's Query 2:

It is disclosed that "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 totaling RMB 48,057,000 in relation to accounts of the Group held with these banks with balances totaling 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."

- a. Please disclose the circumstances which resulted in the freezing of the funds.
- b. Please disclose the efforts made by the Company to obtain details about the frozen funds, including but not limited to the date enforced and reasons for freezing the funds.
- c. Please disclose how the Company intends to procure the banks to unfreeze the funds totaling RMB 48,057,000 in relation to accounts of the Group held with the banks with balances totaling only RMB 456,000.
- d. Please explain why there would be frozen funds totalling RMB 48,057,000 when the accounts of the Group held with these banks only amount to RMB 456,000.
- e. Please reconcile the frozen funds totaling RMB 48,057,000 to the bank balances totaling RMB 456,000.

The Company's Response:

- a. The company attributes the account freezes to two primary reasons:
 - i. In 2019, an agricultural business subsidiary obtained a poverty alleviation loan of RMB 10 million from the local government. In 2024, due to the disciplinary proceedings involving the primary responsible officer of the loan (for personal reasons), the agricultural subsidiary was sued by the lender in a local court, resulting in the court-ordered freezing of multiple bank accounts of the agricultural company.
 - ii. In 2023, the agricultural company entered into an entrusted guarantee contract with Zhengzhou Agricultural Financing Guarantee Co., Ltd., which expired on June 21, 2024. After the contract's expiration, Zhengzhou Agricultural Financing Guarantee Co., Ltd. applied for pre-litigation preservation measures with judicial authorities under the terms of the guarantee agreement without prior notice, leading to the freezing of the agricultural company's bank accounts. As of April 21, 2025, the agricultural company had not received any notifications regarding this freeze from the court or the bank. The company has since reached a mediation agreement with Zhengzhou Agricultural

- b. Regarding the bank account freezes and seizures, the company's management and the agricultural company's leadership have repeatedly communicated with relevant banks, local courts, and other parties. This included, but was not limited to, meetings between financial personnel, the agricultural company's leadership, bank account managers, and supervisory authorities to request access to related documents, as well as coordination efforts by the company's leadership with local court judges to demand access to the freeze-related court orders.
- c. Regarding the loan between the company and the Poverty Alleviation Office, the two parties are currently in discussions on a new debt resolution plan. The proposal aims to resolve mutual obligations through measures such as extending the repayment period and debt relief. The agreement is expected to be finalized in May 2025, and once finalized, the company will apply for the lifting of fund freezes.
The agricultural company and Zhengzhou Agricultural Guarantee have reached an agreement on an installment repayment plan, with repayment scheduled to be completed by the end of July 2025. (details are available in the announcement dated April 21, 2025).
- d. Since we have not received any written notice from the bank regarding account seizure or freezing, the company currently relies solely on the auditor's bank confirmation letter. According to the analysis of the confirmation letter, the frozen funds of 48.057 million CNY mentioned in the audit report represent the maximum drawdown amount spanning across different banks of the agriculture company. This resulted from pre-litigation preservation measures taken by lenders through courts concerning government loans and Zhengzhou Agricultural Guarantee matters. Such actions are permitted under the Civil Procedure Law to ensure the frozen amount aligns with the subject value of the case. The actual balance in the related bank accounts is 456,000 CNY.
- e. Please refer to the above answers in part d. The aforementioned matters have been disclosed in the notes to the relevant items of the audit report, and no further accounting adjustments are required.

SGX RegCo's Query 3:

Please disclose the following:-

- a. the Board of Directors' assessment of the Group's ability to continue operating as a going concern and the bases for the said assessment;
- b. the Board of Directors' opinion as to whether trading of the Company's shares should be suspended pursuant to Listing Rule 1303(3); and
- c. the Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner; and the bases for its views.

The Company's Response:

- a. The Company's management, based on past experience and the Company's asset status, is actively formulating measures to reduce future operating cash outflows and optimize asset

realization. They are proactively engaging with existing shareholders and third parties to seek opportunities for new financing, while simultaneously developing new business lines to generate revenue.

- b. No. Management believes that the challenges to China Mining International's ability to continue as a going concern are objectively temporary and expresses confidence in its capability to address and resolve these difficulties.
 - c. The Board of Directors confirms that all relevant announcement information has been disclosed to date.
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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

22 April 2025