



CHINA MINING INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands on 30 September 2004)
(Company Registration Number: CT-140095)

BINDING TERM SHEET IN RELATION TO THE PROPOSED ACQUISITION OF 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF FULLY RICH INTERNATIONAL INVESTMENT LIMITED, WHICH OWNS 63.11% OF THE REGISTERED CAPITAL OF HENAN ZHONGNONG HUASHENG AGRICULTURAL SCIENCE AND TECHNOLOGY CO., LTD.

1. INTRODUCTION

- 1.1. The board of directors (each, a “**Director**” and collectively, the “**Board**”) of China Mining International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s previous announcements dated 18 July 2018, 23 January 2019 and 11 March 2019 in relation to, *inter alia*, the proposed acquisition of 63.11% of the registered capital of Henan Zhongnong Huasheng Agricultural Science and Technology Co., Ltd. (河南中农华盛农业科技有 限公司) (the “**Target**”) from Zhongnong Huasheng (Beijing) Agricultural Development Investment Co., Ltd. (中农华盛 (北京) 农业发展投资有限公司), a company controlled by Mr Guo Yinghui (“**GYH**”), the Executive Chairman of the Board and the Company, and a controlling shareholder of the Company (the “**Previous Transaction**”). As previously announced, the sale and purchase agreement in relation to the Previous Transaction was terminated as the parties thereto had elected not to extend the long stop date in order to reconsider the acquisition structure.
- 1.2. The Board now wishes to announce that the Company has on 21 January 2021 entered into a binding term sheet (the “**Term Sheet**”) with China Focus International Limited (中置国际有 限公司) (“**China Focus**”) and Profit Run Developments Limited (润辉发展有 限公司) (“**Profit Run**” and together with China Focus, the “**Vendors**”) for the proposed acquisition of 100% of the issued and paid-up share capital (the “**Sale Shares**”) of Fully Rich International Investment Limited (广富国际投资有 限公司) (“**Guang Fu**”), which in turns owns 63.11% of the registered capital of the Target (the “**Proposed Acquisition**”). Accordingly, the Company has modified and amended the acquisition structure under the Previous Transaction and now intends to pursue the proposed acquisition of 63.11% of the registered capital of the Target through the Proposed Acquisition.
- 1.3. The Term Sheet, as well as the acquisition contemplated therein, is subject to the relevant parties thereto entering into a sale and purchase agreement. If the relevant sale and purchase agreement is not entered into within 12 weeks (or such later date as the relevant parties may agree in writing) following the execution of the Term Sheet, the relevant parties shall be entitled to terminate the Term Sheet.

- 1.4. The Proposed Acquisition is expected to constitute a major transaction under Chapter 10 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), for which approval of the shareholders of the Company is required. In addition, as China Focus is wholly-owned by GYH and Profit Run is wholly-owned by a British national in trust for the benefit of GYH, the Proposed Acquisition will constitute an interested person transaction under Chapter 9 of the Listing Manual, for which approval of the independent shareholders of the Company is required.

2. INFORMATION ON THE VENDORS

- 2.1. China Focus is an investment holding company incorporated in the British Virgin Islands, and which is wholly-owned by GYH. It is the legal and beneficial owner of 84.15% of the issued and paid-up share capital of Guang Fu.
- 2.2. Profit Run is an investment holding company incorporated in the British Virgin Islands, and which is wholly-owned by a British national in trust for the benefit of GYH. It is the legal and beneficial owner of 15.85% of the issued and paid-up share capital of Guang Fu.

3. INFORMATION ON GUANG FU AND THE TARGET GROUP

- 3.1. Guang Fu is an investment holding company incorporated under Hong Kong laws. It is the legal and beneficial owner of 63.11% of the registered capital of the Target.
- 3.2. The Target is a company incorporated under the laws of the PRC, and is principally engaged in the business of growing and selling agricultural produce. The Target holds 100% of the registered capital of the following companies incorporated in the PRC (collectively, the “**Target Subsidiaries**”):
 - (a) Zhengzhou Rundong Fruit Forest Co., Ltd. (郑州润东果林有限公司), which is principally engaged in the business of growing and selling agricultural produce;
 - (b) Henan Zhongnong Huasheng Industrial Co., Ltd. (河南中农华盛实业有限公司), which is principally engaged in the business of processing, packaging and refrigerating agricultural produce;
 - (c) Henan Central Agriculture and Commerce Co., Ltd. (河南中之农商贸有限公司), which is principally engaged in the business of selling agricultural produce and processed agricultural products; and
 - (d) Gongyi Zhongnong Huasheng Agricultural Science and Technology Co., Ltd. (巩义中农华盛农业科技有限公司), which is principally engaged in the business of growing and selling agricultural produce,

(the Target and the Target Subsidiaries collectively, the “**Target Group**” and each, a “**Target Group Company**”).

4. VALUE OF THE TARGET

- 4.1. As at the date of this announcement, the local audited accounts of the Target Group for the financial year ended 31 December 2019 are being reviewed by Crowe Singapore in accordance with the Singapore Standard on Related Services. Crowe Singapore will review the management assessment of the impact of GAAP differences and provide commentary based on the proforma financials prepared by the management. On completion of the review, the Company will announce: (a) the book value and net tangible asset value of 100% equity interest in the Target (the “**Target Equity**”) and the book value and net tangible asset value of the Sale Shares on a proforma basis as at 31 December 2019; and (b) the net profit attributable to the Target Equity and the net profit attributable to the Sale Shares for the financial year ended 31 December 2019. The open market value of the Target Equity is not available as the equity holdings of the Target are not publicly traded.
- 4.2. An independent third party valuer of international repute (the “**Independent Valuer**”) who is acceptable to the Company will be appointed by the Vendors to determine the fair value of the Target Group (the “**Fair Value**”).

5. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

The principal terms of Proposed Acquisition are summarised as follows:

<i>Sale and Purchase</i>	The Vendors agree to sell, and the Company agrees to acquire, the Sale Shares, free from all encumbrances and together with all rights, benefits and entitlements attaching to the Sale Shares as at completion of the Proposed Acquisition.
<i>Consideration</i>	<p>The consideration for the Proposed Acquisition shall be negotiated between the parties in good faith and supported by the Fair Value determined by the Independent Valuer.</p> <p>The consideration shall be satisfied on completion of the Proposed Acquisition in cash, or by way of the issue and allotment of new ordinary paid-up shares in the capital of the Company (the “Consideration Shares”) to the Vendors or their respective nominees at an issue price to be determined, or a combination of both.</p>
<i>Conditions Precedent</i>	<p>The obligation of the Company with regard to completion of the Proposed Acquisition is conditional upon, <i>inter alia</i>, the satisfaction of the following conditions (the “Purchaser Conditions”):</p> <ol style="list-style-type: none">(1) none of the relative figures of the Proposed Acquisition when computed on the bases set out in Rule 1006 of the Listing Manual exceed 100%;(2) the Company being satisfied with its due diligence investigations into the financial, legal, tax and business matters of Guang Fu and the Target Group;

	<p>(3) to the extent applicable, the receipt of in-principle approval from the SGX-ST for the listing of and quotation for the Consideration Shares on the Mainboard of the SGX-ST;</p> <p>(4) to the extent applicable, the issue and allotment of, and the subscription for, the Consideration Shares not being prohibited by any statute, order, rule or regulation;</p> <p>(5) the receipt of any other requisite third party or governmental approvals for the Proposed Acquisition;</p> <p>(6) the receipt by Guang Fu and each Target Group Company of all applicable third party consents, approvals or waivers in connection with the Proposed Acquisition;</p> <p>(7) each of the representations and warranties given by the Vendors being true and accurate in all respects;</p> <p>(8) to the extent applicable, the Securities Industry Council having granted the whitewash waiver to the relevant concert party group which would (but for such waiver) incur an obligation to make a mandatory general offer for ordinary issued and paid-up shares in the capital of the Company not already owned or controlled by them;</p> <p>(9) the receipt of approval at an extraordinary general meeting of the Company to be convened for, <i>inter alia</i>, the Proposed Acquisition (and to the extent applicable, the issue and allotment of the Consideration Shares);</p> <p>(10) no event, occurrence, change, effect or condition of any character shall have occurred on or prior to completion of the Proposed Acquisition that, individually or in the aggregate, has had a material adverse effect;</p> <p>(11) no order or judgment of any governmental body having been issued or made prior to completion of the Proposed Acquisition which has the effect of making the relevant sale and purchase agreement unlawful or otherwise prohibiting the Company from acquiring the Sale Shares or any of them; and</p> <p>(12) there being no provision of any applicable law or regulation prohibiting completion of the Proposed Acquisition and the transactions contemplated under the relevant sale and purchase agreement.</p> <p>The obligation of the Vendors with regard to completion of the Proposed Acquisition is conditional upon the satisfaction of the following conditions (the “Vendors Conditions”):</p> <p>(13) there being no provision of any applicable law or regulation prohibiting completion of the Proposed Acquisition and the</p>
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	<p>transactions contemplated under the relevant sale and purchase agreement; and</p> <p>(14) each of the representations and warranties given by the Company being true and accurate in all respects.</p>
Completion	<p>Completion shall take place five (5) business days after satisfaction or waiver of the last of the Purchaser Conditions (other than those specified in sub-paragraphs (2), (4), (7), (10), (11) and (12) which, together with the Vendors Conditions in sub-paragraphs (13) and (14), are intended to be satisfied contemporaneously with completion of the Proposed Acquisition) or on such other date and at such place as the parties may agree in writing, and in any event no later than the long stop date.</p> <p>At completion of the Proposed Acquisition, the parties shall deliver, or procure the delivery of, such certifications and documents which are customary for transactions of this nature, including all documents as may be required under the relevant laws to enable the Company to be registered as the holder of the Sale Shares.</p>
Vendor Pre-Completion Covenants	<p>Each of the Vendors undertake to observe certain pre-completion covenants with effect from the date of the Term Sheet, including the following:</p> <ol style="list-style-type: none"> (1) not to sell, transfer, mortgage, pledge or otherwise dispose of any of the Sale Shares or enter into any agreement or understanding to do any of the foregoing; (2) to ensure and procure that Guang Fu's business and each Target Group Company's business is to be conducted only in the ordinary course; (3) to maintain all measures in place as at the date of the Term Sheet (and where necessary, to add on further measures) to preserve and protect the assets of Guang Fu and the Target Group; and (4) to ensure and procure that no dividend or other distribution is declared, paid or made out of the profits of Guang Fu and each Target Group Company except with the prior agreement in writing of the Company. <p>The sale and purchase agreement, if entered into, shall contain, <i>inter alia</i>, the above pre-completion covenants and undertakings (in such form and substance as may be agreed between the parties) as well as such other 'locked-box' covenants and undertakings that are customary to transactions of this nature.</p>
Exclusivity	<p>For the period starting on the date of the Term Sheet to the earliest of: (i) the date on which the sale and purchase agreement is entered into by the parties; and (ii) the termination of the Term Sheet, each of the Vendors shall not (and shall procure that their nominees, agents or</p>

	<p>professional advisers shall):</p> <p>(1) initiate, engage in, continue or enter into any discussions, negotiations or correspondence with any third party (other than the Company's professional advisers) relating to the subscription for, and disposal of, any shares or equity interest in Guang Fu or any of the Target Group Companies;</p> <p>(2) directly or indirectly solicit or invite enquiries, proposals or offers in relation to the matters set out in sub-paragraph (1) above; or</p> <p>(3) grant to any third party access to the confidential information, books, accounts, records and other information relating to Guang Fu or the Target Group Companies, or to the employees or premises of Guang Fu or the Target Group Companies for the purposes of evaluating the possible transaction with a view to subscribing for or purchasing any shares or equity interest in Guang Fu or any of the Target Group Companies.</p> <p>Each of the Vendors further agrees that it shall not (and shall procure that the relevant holder(s) of the shares shall not) sell, transfer or otherwise dispose of shares or equity interest in Guang Fu or any Target Group Company during the exclusivity period other than pursuant to the Proposed Acquisition.</p>
<i>Governing Law and Dispute Resolution</i>	The Term Sheet and all non-contractual or other matters or obligations arising out of, under or in connection with it shall be governed by, and construed in accordance with, the laws of Singapore. In relation to any legal action or proceedings arising out of or in connection with the Term Sheet, each of the parties hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Singapore.
<i>Long Stop Date</i>	The long stop date for completion of the Proposed Acquisition shall be the date falling six (6) months after the date of the sale and purchase agreement or such other date as may be mutually agreed between the parties.

6. FUNDING REQUIREMENTS

The Group intends to fund the Proposed Acquisition through a combination of, *inter alia*, internal sources of funds, financial institution borrowings and/or fundraising via capital markets as and when necessary and deemed appropriate.

7. INTERESTED PERSON TRANSACTION

- 7.1. GYH is the Executive Chairman of the Board and the Company, and a controlling shareholder of the Company. China Focus is wholly-owned by GYH and Profit Run is wholly-owned by a British national in trust for the benefit of GYH. Accordingly, the Proposed Acquisition is expected to constitute an interested person transaction for which approval of the independent shareholders of the Company is required.

- 7.2. During the financial year ended 31 December (“FY”) 2020 up to the date hereof, the Group has not entered into any interested person transactions save for the Proposed Acquisition.

8. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company will appoint an independent financial adviser to, *inter alia*, advise the independent Directors in respect of the Proposed Acquisition.

9. RATIONALE FOR THE PROPOSED ACQUISITION

- 9.1. The Group is currently engaged in the business of investment holding and property development as well as the exploration and mining of mineral resources (the “**Existing Core Business**”). The Group is proposing to expand the scope of the Existing Core Business to include, *inter alia*, the undertaking and investing in activities related to agricultural cultivation and production as well as the agriculture industry generally in meeting the insatiable market demands in the PRC (collectively, the “**New Agriculture Business**”), as and when appropriate opportunities arise (the “**Proposed Business Diversification**”).
- 9.2. The rationale for the Proposed Business Diversification includes seizing the opportunity to participate in the growth prospects of the agricultural industry, diversified returns and long term growth, as well as the market challenges facing the Existing Core Business. As the Proposed Business Diversification will result in a change in the risk profile of the Group, the Proposed Business Diversification is subject to Shareholders’ approval which will be sought in due course.
- 9.3. The Proposed Acquisition is in line with the Proposed Business Diversification and will, if successfully implemented, be the Group’s first strategic exposure and entry into the agriculture industry (in particular, the New Agriculture Business). The Board is of the view that the Proposed Acquisition (as well as the Proposed Business Diversification) is in the best interests of the Company and the Shareholders as a whole as the Proposed Acquisition and the Proposed Business Diversification represent a good opportunity for the Company based on the growth potential and prospects of the agriculture industry, the benefits of diversified returns and long term growth as well as the market challenges faced by the Existing Core Business.

10. SERVICE CONTRACTS

Due to their expertise in the New Agriculture Business, it is envisaged that certain key management personnel of the Target Group Companies may be appointed to the Board in connection with the Proposed Acquisition. The Company will update the shareholders of the Company in due course.

11. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for GYH, and save for their respective interests in the Shares, none of the Directors or substantial shareholders or their respective associates have any interest, direct or indirect, in the Proposed Acquisition.

12. FURTHER ANNOUNCEMENTS

The Company will make further announcements, in compliance with the requirements of Chapter 9 and Chapter 10 of the Listing Manual, upon the execution of the relevant sale and purchase agreements and/or when there are material developments in respect of the Proposed Acquisition.

13. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours, on any weekday (public holidays excepted), at the registered office of the Company's Singapore Share Transfer Agent, KCK CorpServe Pte. Ltd., at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721 for a period of three (3) months from the date of this announcement:

- (a) the constitution of the Company;
- (b) the annual report of the Company for FY2019; and
- (c) the Term Sheet.

14. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading the shares in the Company as there is no certainty or assurance as at the date of this announcement that the relevant sale and purchase agreements will be entered into, the terms and conditions of the Proposed Acquisition will not differ from that set out in the term sheets, or the Proposed Acquisition will be undertaken at all. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

On behalf of the Board
Zhai Kebin
Chief Executive Officer and Executive Director

21 January 2021