



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 UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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**”) on 20 March 2024 relating to its unaudited condensed financial statements for FY2023 (the “**Unaudited Financial Statements**”).

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

SGX RegCo’s Query 1:

It is disclosed on page 12 of the unaudited financial statements that an amount of RMB62,964,000 was written off on bearer plants for the financial year ended 31 December 2023. In this regard, please disclose the following information:

- (i) how the amount of write off was determined;
- (ii) whether any valuation was conducted; the value placed on the assets; the basis and the date of such valuation;
- (iii) the Board’s confirmation as to whether it is satisfied with the reasonableness of the methodologies used to determine amount of write off ; and
- (iv) the reasons for the write off

The Company’s Response

- (i) In 2023, the amount of bearer plants written off is determined based on factors such as the number of bearer plants reported as losses during the year, the year of planting (age of the tree) and the net book value;
- (ii) No valuation was conducted as at end of current or previous financial year; however, the bearer plants was valued in a purchase price allocation exercise during the acquisition of Agriculture business, at fair value on 31 December 2021. That valuation amount was the initial recognition amount on acquisition, and cost method applies subsequently;
- (iii) The board believes that the amount of bearer plants losses reported during the year based on the cost method is consistent with IFRS accounting standards and is reasonable.; and
- (iv) The write off was mainly due to the construction of highways and the relocation of government land for railway expansion. Due to the construction of highways and the relocation of government land for railway expansion, some of the irrigation facilities were unable to be used and the difficulty of production management has increased. The adjacent areas of the affected land also cannot be used for effective cultivation of pomegranate. Based on the actual situation, the company returned the affected land to lessors and reported the loss of bearer plants to reduce future expenses.

SGX RegCo's Query 2:

2. It is noted that the Company has recognized impairment loss on financial asset amounting to RMB1,719,000 for the financial year ended 31 December 2023.

Please disclose:

- (i) the reasons for the impairment loss on financial asset;
- (ii) how the amount of impairment loss was determined;
- (iii) whether these amounts are due from related parties. If yes, please disclose the identities of the related companies and the underlying transactions which gave rise to these financial assets; and
- (iv) the Board's assessment of the recoverability of the remaining financial assets

The Company's Response

- (i) **This was mainly due to the provision of bad debts for trade receivables, other receivables and prepayment with long aging and overdue balances.**
- (ii) **For trade receivables, management has provided specific impairment loss based on the historical loss rate and other factors such as trading history and payment patterns. For other receivables and prepayments, the impairment losses were assessed based on the age of the balances, ranging from 10%-20%, for balances aged within 2 years. For balances with specifically higher collection risks, a 100% provision has been made.**
- (iii) **Other than an impairment loss of RMB3,000 made on amount owing from a related party for payments made on behalf, these amounts are due from third parties.**
- (v) **The Board had requested the management of the company to strengthen the collection and recovery process and expected that some financial assets may not be fully recoverable. The Board will continue to monitor the progress of the collection and recovery process.**

SGX RegCo's Query 3:

3. Given the Group's net current liabilities of RMB8,624,000 and cash and cash equivalents of RMB7,353,000 and noting that the Company incurred losses of RMB72,864,000 in FY2023, please disclose: (i) the proactive actions which management plans to take to ensure that the Group's financial position remains strong; (ii) the Company's ability to operate as a going concern; and (iii) the Company's ability to meet its debt covenants (if any).

It is further disclosed on page 22 of the unaudited financial statements that, "Notwithstanding the net current liability position of the Group as at 31 December 2023, the Group had arranged on standby sufficient banking facilities to bridge the short-term financing needs and procured commitment from certain related parties of the Group to provide financial supports (without charging interest) to the Group in meeting any potential funding requirements."

Please disclose:

- (i) the available amount under these banking facilities;
- (ii) the period and amount committed by the related parties in providing financial support, if any;
- (iii) the identities of these related parties; and
- (iv) their relationship with the Company, its directors and substantial shareholders, where applicable.

The Company's Response

- (i) & (ii) & (iii) **The company's management had been actively communicating with the relevant stakeholders (including but not limited to the customers, suppliers, banks and shareholders) to support the Group working capital. The facility loan from Mr Guo Yinghui and loan facility from the Bank of Communications mentioned below will help to bridge any short term financing needs, including the debt covenants.**
- (i) **Based on a letter of intent, the Group expects to be granted a loan of up to RMB 20 million from The Bank of Communications, which can supplement the working capital requirements;**

- (ii) **Mr. Guo Yinghui, the controlling shareholder of the company, has undertaken to provide financial assistance of up to RMB 20 million (interest free loan) whenever the company needs it. The relevant loan period is three years.**
- (iii) &(iv) **Mr Guo Yinghui is the controlling shareholder of the Company. He is the father of Mr Guo Wenjun, Deputy Chairman and Executive Director of the Company.**

SGX RegCo's Query 4:

Please explain why cost of sales only decreased 29%, when revenue decreased by 75%. Please quantify and substantiate your response for a clearer understanding of the factors that caused the reduction in gross profit.

The Company's Response

Self-cultivated fruit

Sales: Due to the impact of land reclamation from government, reduction in lease area, and extreme weather in 2023, production volume and quality has significantly decreased, resulting in a corresponding decrease in operating revenue.

Cost of sales: due to the passage of time since planting, most fruit trees in 2023 are transitioned into mature bearer plants. Correspondingly, the cost incurred and expensed in profit or loss for mature fruit trees in 2023, calculated based on the proportion of fruit tree numbers and different tree ages, has increased, as compared to cost incurred for immature trees which is capitalised in bearer plants. Such cost contributed about RMB 10 million in cost of sales for FY 2023. Due to the nature of expenses (including maintenance, fertilization, pest-management, labour etc), such cost does not reduce in the same proportion with the lower harvest volume.

Trading business

Due to market changes and existing operating resources, the Group has adjusted its trade business plan to reduce the volume of trade business; In 2023, the reduction in outsourcing business volume also further led to a decrease in operating revenue.

SGX RegCo's Query 5:

5. It is disclosed on page 14 of the unaudited financial statements that, "As at the date of this announcement, the Thabazimbi Mine has completed its exploration phase and awaits the issuance of mining licence by the relevant authorities for the commencement of the mining phase. The initial mining right period of the Thabazimbi Project is expected to be 20 years upon the issuance of the said mining licence, the procurement of which is subject to the settlement of the rehabilitation deposit, amounting to South African2 Rand 10,091,000 (equivalent to RMB3.9 million), as well as the provision of mining program and surveyed plan to the relevant authorities by Sino-Africa."

With regard to the investments in financial assets at FVOCI representing investments in Sino Feng Mining, please disclose the status of settlement of the rehabilitation deposit and the provision of mining program and surveyed plan. Please also disclose efforts made by the Company and/or Sino-Africa to resume activities at the Thabazimbi Mine.

The Company's Response

The rehabilitation deposit had not been settled. There are some preliminary discussion with some Chinese parties with regards to the joint development or selling the development rights of the Thabazimbi Mine. The Company will endeavour to make the necessary announcements via SGXNET once there are significant developments.

SGX RegCo's Query 6:

6. It is disclosed on page 23 of the unaudited financial statements that, "Furthermore, during FY2023, the Chinese government has taken back part of the Group's leased farmland for highway construction. While compensation is given for the returning the leased farmland back to the state, it had caused considerable disruptions to the operations of the pomegranate cultivation and harvesting."

Please elaborate on the impact of the land reclamation on the operations of the Company and the steps taken by the Company to resolve the disruptions to the operations.

The Company's Response

The Chinese government reclaim back some of the leased farmland for highway construction and had made changes to the original road for motor vehicles and pedestrians. Due to these land modifications, it has affected the irrigation facilities, agricultural machinery operations and other cultivation works. The land modification had also results in additional difficulty in harvesting the pomegranate fruits during the harvest season.

In order to reduce future operating difficulties and stem losses, the company actively negotiates with local villages, returns lease farmland that is not suitable for future production and management to farmers, and concentrates on managing the area suitable for planting; the company actively communicates its plan with the local government.

7. It is disclosed on page 24 of the unaudited financial statements that, "Pursuant to Rule 704(13) of the Listing Manual, other than Mr Guo Wenjun, a son of Mr Guo Yinghui, a substantial Shareholder of the Company, the Company confirms that there are no persons occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, Chief Executive Officer or substantial Shareholder of the Company. Mr Guo Wenjun is the Deputy Chairman and Executive Director of the Company."

Please disclose the relevant information in the required format under paragraph 20 of Appendix 7.2.

The Company's Response

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Guo Wenjun	28	Son of Mr Guo Yinghui, who is the substantial shareholder of the Company.	Deputy Chairman and Executive Director.	No changes.

BY ORDER OF THE BOARD

**Mr Khai Kebin
CEO & Executive Chairman**

22 March 2024