



## 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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### THE PROPOSED INVESTMENT OF 40.15% EQUITY INTEREST IN SINO FENG MINING INTERNATIONAL S. A R. L.

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#### 1. INTRODUCTION

- 1.1 The board of directors (“**Board**” or “**Directors**”) of China Mining International Limited (“**Company**”, together with its subsidiaries, the “**Group**”) refers to the announcements by the Company dated 25 April 2016, 12 May 2016, and 20 May 2016, regarding the memorandum of understanding entered into by the Company in relation to the proposed investment by the Company of a shareholding interest in Aero Wind Properties (Pty) Ltd (“**AWP**”).
- 1.2 The Board is pleased to announce that the Company and Sino-Africa Mining International Limited (“**Vendor**”, and together with the Company, the “**Parties**”, and each a “**Party**”) had on 24 March 2017 entered into a conditional sale and purchase agreement (“**Agreement**”), for the sale by the Vendor and the purchase by the Company of 8,030 shares of Sino Feng Mining International S.à r.l. (“**Target Company**”) with the nominal value of US\$1 each, constituting 40.15% of the total issued share capital of the Target Company, that are fully paid-up and free from encumbrances, (“**Sale Shares**”) on the terms and subject to the conditions of the Agreement (“**Proposed Investment**”). Upon the completion of the Proposed Investment, the Company will hold an effective interest of 16.06% of the total issued share capital of AWP.
- 1.3 For the purposes of this Announcement:
- (a) “**RMB**” means Renminbi, “**S\$**” means Singapore dollars and “**US\$**” means United States; and
  - (b) the exchange rate of US\$1 : RMB6.87 as derived from XE currency<sup>1</sup> on 9 February 2017 and agreed to by the Parties (“**Agreed Exchange Rate**”).

#### 2. INFORMATION RELATING TO THE VENDOR AND THE TARGET COMPANY

##### 2.1 The Vendor

The Vendor is an investment holding company incorporated in the Cayman Islands, registration number 01-282289, whose registered office is at the Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands.

The Vendor owns 100% of the total issued share capital (represented by 20,000 shares with a nominal value of US\$1 each in the Target Company, which in turn owns 100% of the total issued share capital in Huixin Mining International Limited (“**Huixin Mining**”). Huixin Mining owns 40% of the total issued share capital in AWP. In this Announcement, the Target Company, Huixin Mining and AWP shall be collectively known as the Target Group or Target Group Companies.

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<sup>1</sup> <http://www.xe.com/>

The Vendor is not an “interested person” as defined in Rule 904(4)(a) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual (“**Listing Rules**”) in relation to the Group.

## 2.2 The Target Group Companies

### (a) Target Company

The Target Company is a limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, whose registered office is 14, rue Edward Steichen, L-2540 Luxembourg, and registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés*) under registration no. B 199987. The Target Company is an investment holding company.

### (b) Huixin Mining

Huixin Mining is a company incorporated in South Africa, with its registered office at 41 Wessels Road, Rivonia, Johannesburg, Gauteng, 2128 under registration number 2015/324749/07. Huixin Mining is an investment holding company.

### (c) AWP

AWP is a company registered in South Africa on 6 May 2009, with its registered office at No 8 Kyalami Hill Estates, Robin Street, Kyalami, Gauteng, 1685, under registration number 2009/008717/07. AWP is the holder of a prospecting right, with an effective date of 4 February 2015, for a duration of five (5) years, expiring on 3 February 2020, with DMR reference number LP 30/5/1/1/2/11973 PR (“**Prospecting Right**”), granted in respect of the mineral “iron”, over the farm Rosseauspoort 319 KQ in the magisterial district of Thabazimbi, Limpopo Province, South Africa. The Prospecting Right forms the subject of an iron ore mine project situated in Thabazimbi, Limpopo Province, South Africa (“**Thabazimbi Project**”).

## 3. RATIONALE FOR THE PROPOSED TRANSACTION (AS DEFINED BELOW)

3.1 As announced by the Company on 1 April 2014 and 31 December 2014, the Company had entered into a conditional sale and purchase agreement and an amended and restated conditional sale and purchase agreement dated 31 March 2014 and 31 December 2014 respectively with certain vendors in connection with a proposed reverse takeover transaction (the “**Proposed RTO**”). Notwithstanding the ongoing Proposed RTO, the Company is continually exploring all business opportunities to enhance shareholder value, including the acquisition of shareholding interests in companies holding rights to mineral assets.

3.2 In addition, the Board is of the view that the Proposed Transaction represents an opportunity for the Company to, together with the Proposed RTO, consolidate its business in the exploration, mining and trading of mineral resources, which in turn will potentially provide it with a regular stream of revenue. In addition, it is anticipated that the Proposed Transaction will have the potential to increase the value of the Company.

## 4. PRINCIPAL TERMS OF THE AGREEMENT

The salient terms of the Agreement includes, amongst others, the following:

### 4.1 The Purchase Consideration and source of funds for the Proposed Investment

The Parties agree that the aggregate consideration for the sale of the Sale Shares to the Company shall be RMB68,510,000 (“**Purchase Consideration**”) to be fully satisfied by the transfer to the Vendor (“**Yi Feng Contract Transfer**”) of Henan Sunshine Elegant Jade Real Estate Co., Ltd’s (河南阳光美基置业有限公司) (“**Henan Sunshine Elegant Jade**”, an indirect

wholly-owned subsidiary of the Company) rights under the property investment and development agreement dated 5 November 2015 between Henan Province Yi Feng Zhi Di Co., Ltd (河南省懿丰置地有限公司) and Henan Sunshine Elegant Jade (“**Yi Feng Contract**”) in relation to Henan Sunshine Elegant Jade’s contractual right to a 10% share of profit in the Yi Feng Holiday Plaza Project (“**Proposed Disposal**”, and the Proposed Investment and Proposed Disposal shall be collectively referred to as “**Proposed Transaction**”). Please refer to note 10 and 11 of the 2015 Annual Report of the Company for more information on the Yi Feng Holiday Plaza Project.

The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis after taking into account, *inter alia*, factors such as:

- (a) the valuation report and the Competent Persons Report on the Mineral Resources of the Rosseauspoort magnetite deposit, Thabazimbi district, Limpopo Province, South Africa by SRK Consulting (South Africa) (Pty) Ltd (“**SRK**”) dated January 2017 (“**SRK Report**”), prepared in accordance to VALMIN Code and JORC Code respectively;
- (b) the 10% discount on the Mine Valuation (as defined below); and
- (c) the Property Valuation.

Following completion of the Proposed Transaction, the Company will hold an interest of 40.15% of the total issued share capital of the Target Company and an effective interest of 16.06% of the total issued share capital of AWP.

Under the Agreement, unless otherwise agreed in writing by the Company, the Company shall not be required under any circumstances to contribute or pay any amount to the Vendor and/ or any of the Target Group Companies, including but not limited to operating expenses, working capital and any other expenditure of the Target Group Companies as well as all claims, taxes, assessments and governmental charges imposed upon the Target Group Companies or upon their property.

#### 4.2 **Conditions Precedent**

The sale and purchase of the Sale Shares is conditional upon the following conditions precedent being satisfied or waived (“**Conditions Precedent**”):

- (a) if required by the Listing Rules of the SGX-ST, the approval of the shareholders of the Company in an extraordinary general meeting for the transactions contemplated under the Agreement, and such approval not having been withdrawn or revoked;
- (b) the Company and its professional advisers having undertaken and having completed its due diligence investigations in respect of each of the Target Group Companies, including but not limited to the Thabazimbi Project and the Prospecting Right and the affairs, operations, businesses, assets, liabilities (including tax liabilities), contracts, financial condition, accounts, results, prospects and the legal, accounting, financial and tax affairs of the Target Group Companies (“**Company’s Due Diligence**”), and the results of such due diligence investigations being satisfactory to the Company in its sole and absolute discretion;
- (c) the Company being satisfied with the outcome of the independent qualified person’s reports and the independent valuation reports in respect of the Thabazimbi Project, including but not limited to the SRK Report;
- (d) all necessary approvals, consents, licences, permits, grants, waivers and exemptions (collectively, “**Approvals**”) for the transactions contemplated under the Agreement being granted by third parties, and all relevant government, governmental, quasi-governmental, supranational, statutory, regulatory, administrative, fiscal or judicial agency, authority, body, court, commission, department, exchange, tribunal or entity in Singapore, South Africa, Luxembourg and the Cayman Islands to the Vendor, the

Company, the Target Group Companies, and/or parties involved in the Agreement (as the case may be) and where any such Approval is subject to conditions, such conditions being reasonably acceptable to the grantee of the Approval, and if such conditions are required to be fulfilled before completion, such conditions being fulfilled before completion, and such Approvals remaining in full force and effect;

- (e) that all information and/or confirmations provided by each of the Vendor, the Target Group Companies, and/or their respective officers and employees for the purposes of the Company's Due Diligence is not untrue or inaccurate or incomplete or misleading in any respect;
- (f) the Vendor's disclosure letter (if any) being to the satisfaction of the Company in its absolute discretion;
- (g) the transactions contemplated under the Agreement not being prohibited by and will not result in a breach of, any statute, order, rule, regulation, directive, guideline or request promulgated by, or any judgement or decree of, any legislative, executive, judicial or regulatory body or authority in Singapore, South Africa, Luxembourg and the Cayman Islands or any other jurisdiction affecting any of the Vendor, the Company, the Target Group, and/or parties involved in the Agreement;
- (h) there not having been at any time prior to or on completion the occurrence of any of the following events:
  - (i) compulsory acquisition or notice of compulsory acquisition or intended acquisition of land affecting or which may affect the exploration and/or mining of the Thabazimbi Project (in whole or in part);
  - (ii) withdrawal of approval or additional restriction/condition on any of the exploration and/or mining permits/licences/concessions and/or any other approval, permit, consent, certificate, waiver, or notice or intention of such withdrawal of approval or additional restriction/condition which may adversely affect the exploration and/or mining of the Thabazimbi Project (in whole or in part);
  - (iii) material litigation or dispute, liquidation, bankruptcy or insolvency of any of the Vendor or the Target Group Companies;
  - (iv) termination of any part of the business of any of the Target Group Companies;
  - (v) appointment of any assignee, receiver or liquidator for any part of the assets or business of any of the Vendor or any of the Target Group Companies;
  - (vi) attachment, sequestration, execution or seizure of any part of the assets of any of the Vendor or any of the Target Group Companies; and
  - (vii) Material Adverse Change to the Thabazimbi Project on which the exploration and/or mining activities are or will be carried out. "**Material Adverse Change**" includes any change which causes a material or substantial part of any of the Thabazimbi Project to be inaccessible, unfit, hazardous or commercially infeasible for exploration and/or mining;
- (i) there being no changes to the business, financial conditions or operations of any of the Target Group Companies since the date of the Agreement that would in the opinion of the Company be likely to have an adverse effect on the turnover, profitability, financial position or prospects of any of the Target Group Companies; and
- (j) the Vendor's warranties remaining true, accurate and correct in all material respects.

The Company may in its sole and absolute discretion waive (in whole or in part and conditionally or unconditionally) any or all of the above conditions except in respect of the Condition Precedent in paragraph 4.2(a).

In the event that any of the Conditions Precedent is not fulfilled or waived on or before one (1) year from the date of the Agreement, or such other date as the Parties may mutually agree in writing (“**Long Stop Date**”), the Agreement (other than the surviving clauses) shall lapse and cease to have further effect and all obligations and liabilities of the Parties hereunder shall cease and determine and no Party shall have any claim against the other Parties, save in respect of any antecedent breach of the Agreement.

## **5. PROPOSED INVESTMENT – INFORMATION ON THE SALE SHARES AND THE THABAZIMBI PROJECT**

### **5.1 Book value of the Sale Shares**

Based on the consolidated unaudited management account as at 31 December 2016 of the Target Group, the book value (also the net tangible asset value) of the Sale Shares (constituting 40.15% of the total issued share capital of the Target Company and an effective equity interest of 16.06% of the total issued share capital of AWP) is about RMB1.56 million.

### **5.2 Value of the Thabazimbi Project based on the SRK Report**

Based on the SRK Report dated January 2017 prepared by SRK in accordance to the VALMIN Code and commissioned by the Company, the appraised value of the Thabazimbi Project is US\$69,000,000 (“**Mine Valuation**”) (approximately equivalent to RMB474,030,000 based on the Agreed Exchange Rate).

### **5.3 Net profits attributable to the Sale Shares**

Based on the consolidated unaudited consolidated management account for the 12-months period ended 31 December 2016 of the Target Group, the consolidated equity accounting on the income attributable to the Sale Shares is a net profit of RMB209,414.

### **5.4 Source of funds for the Proposed Investment**

The Purchase Consideration for the Proposed Investment will be fully satisfied by the Yi Feng Contract Transfer.

## **6. PROPOSED DISPOSAL – INFORMATION ON THE YI FENG CONTRACT**

### **6.1 Book value of the Yi Feng Contract**

Based on the Group’s latest announced unaudited full year financial statements for the financial year ended 31 December 2016, the book value of the Yi Feng Contract is RMB68,510,000.

### **6.2 Value of the Yi Feng Contract**

Based on the valuation report prepared by an independent third-party valuer, Henan Hua Xia Property Valuation Pte Ltd (河南华夏资产评估有限公司), the appraised value of the Yi Feng Contract is RMB68,510,000 (“**Property Valuation**”).

### **6.3 Net loss attributable to the Yi Feng Contract**

Based on the Group’s latest announced unaudited full year financial statements for the financial year ended 31 December 2016, the net loss attributable to the Yi Feng Contract is RMB644,000.

#### 6.4 Excess or deficit of the proceeds over the book value of the Yi Feng Contract

The disposal of the Yi Feng Contract is not expected to have any material impact on the earnings per share or the net tangible assets of the Company. There will not be any material excess or deficit of proceeds over the book value of the Yi Feng Contract.

#### 6.5 Intended use of the sale proceeds

The sale proceeds from the Proposed Disposal will be used to fully satisfy the Purchase Consideration.

#### 6.6 Gain or loss on the disposal of the Yi Feng Contract

There is no gain or loss on the disposal of the Yi Feng Contract.

### 7. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The financial effects of the Proposed Transaction on the Group as set out below are purely for illustrative purposes only. The illustrative financial effects should not be construed to mean that the Group's actual results, performance or achievements will be as expected, expressed or implied in such financial effects.

The financial effects of the Proposed Transaction on the Group as set out below are based on the Group's latest announced unaudited full year financial statements for the financial year ended 31 December 2016:

- (a) the Proposed Transaction had been effected at the end of the financial year ended 31 December 2016 for the computation of the effect on the net tangible assets ("NTA") per share; and
- (b) the Proposed Transaction had been effected at the beginning of the financial year ended 31 December 2016 for the computation of the effect on the loss per share ("LPS").

#### NTA

	Before the Proposed Transaction	After the Proposed Transaction
NTA of the Company (RMB'000)	105,356	105,565
Number of ordinary shares in issue (excluding treasury shares)	146,688,500	146,688,500
NTA per share (Singapore cents) <sup>1</sup>	14.96	14.99

Note: (1) Calculated based on exchange rate of S\$1: RMB4.80 as at 31 December 2016.

#### LPS

	Before the Proposed Transaction	After the Proposed Transaction
Net loss of the Company (RMB'000)	(10,964)	(10,755)
Number of ordinary shares in issue (excluding treasury shares)	146,688,500	146,688,500
LPS (Singapore cents) <sup>1</sup>	(1.55)	(1.52)

Note: (1) Calculated based on average exchange rate of S\$1: RMB4.81 as at 31 December 2016

## 8. RELATIVE FIGURES UNDER RULE 1006 OF THE SGX-ST LISTING RULES

### 8.1 Proposed Investment

Based on the Group's latest announced unaudited full year financial statements for the financial year ended 31 December 2016, the relative figures of the Proposed Investment computed on the bases set out in Rule 1006(a) to (e) of the SGX-ST Listing Rules are as follows:

<b>Rule 1006(a)</b>	
Net asset value of the assets to be disposed of	Not applicable <sup>(1)</sup>
Net asset value of the Group	
Size of relative figure	

<b>Rule 1006(b)</b>	
Net profits <sup>(2)</sup> attributable to the Sale Shares to be acquired	RMB209,414
Net profits <sup>(2)</sup> of the Group	(RMB13,253,000)
Size of relative figure	-1.58%

<b>Rule 1006(c)</b>	
Aggregate value of the consideration given in acquiring the Sales Shares	RMB68,510,000
Company's market capitalisation as at 27 March 2017 <sup>(3)</sup>	RMB411,718,750
Size of relative figure	16.64%

<b>Rule 1006(d)</b>	
Number of equity securities issued by the Company as consideration for an acquisition	Not applicable <sup>(4)</sup>
Number of equity securities of the Company previously in issue	
Size of relative figure	

<b>Rule 1006(e)</b>	
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 and gas company, but not to an acquisition of such assets.	Not applicable <sup>(5)</sup>

#### Notes:

- (1) Rule 1006(a) of the Listing Rules is not applicable to an acquisition of assets.
- (2) Rule 1002(3)(b) of the Listing Rules states that "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) Rule 1002(5) of the Listing Rules states that "market capitalisation" is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the Agreement.
- (4) This basis is not applicable as no equity securities will be issued by the Company in relation to the Proposed Investment.
- (5) This basis is not applicable as the Proposed Investment does not relate to the disposal of mineral, oil or gas assets and the Company is not a mineral, oil and gas company.

While the relative figures computed under Rule 1006(c) of the Listing Rules do not exceed 20%, the relative figure computed under Rule 1006(b) is negative. The Company consulted SGX-ST on 24 February 2017 and the SGX-ST confirmed on 27 March 2017 that shareholders' approval by the Company will not be required for the Proposed Transaction, subject to the following conditions:

- (a) the Company is required to announce the Proposed Transaction in accordance with Rule 1010 of the SGX-ST Listing Rules;
- (b) the Company is required to hold a shareholders' information meeting within three (3) months after the completion of the Proposed Investment; and
- (c) the Company is required to send an information memorandum to shareholders prior to the shareholders' information meeting.

## 8.2 Proposed Disposal

Based on the Group's latest announced unaudited full year financial statements for the financial year ended 31 December 2016, the relative figures of the Proposed Disposal computed on the bases set out in Rule 1006(a) to (e) of the SGX-ST Listing Rules are as follows:

<b>Rule 1006(a)</b>	
Net asset value of the assets to be disposed of	RMB68,510,000
Net asset value of the Group	RMB105,355,746
Size of relative figure	65.03%

<b>Rule 1006(b)</b>	
Net profits <sup>(1)</sup> attributable to the Yi Feng Contract to be disposed of	(RMB644,000)
Net profits <sup>(1)</sup> of the Group	(RMB13,253,000)
Size of relative figure	4.86%

<b>Rule 1006(c)</b>	
Aggregate value of the consideration received in disposing the Yi Feng Contract	RMB68,510,000
Company's market capitalisation as at 27 March 2017 <sup>(2)</sup>	RMB411,718,750
Size of relative figure	16.64%

<b>Rule 1006(d)</b>	
Number of equity securities issued by the Company as consideration for an acquisition	Not applicable <sup>(3)</sup>
Number of equity securities of the Company previously in issue	
Size of relative figure	

<b>Rule 1006(e)</b>	
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 and gas company, but not to an acquisition of such assets.	Not applicable <sup>(4)</sup>



**Notes:**

- (1) Rule 1002(3)(b) of the Listing Rules states that "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (2) Rule 1002(5) of the Listing Rules states that "market capitalisation" is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the Agreement.
- (3) This basis is not applicable as no equity securities will be issued by the Company in relation to the Proposed Disposal.
- (4) This basis is not applicable as the Proposed Disposal does not relate to the disposal of mineral, oil or gas assets and the Company is not a mineral, oil and gas company.

While the relative figure under Rule 1006(a) exceeds 20%, the Board is of the opinion that the Yi Feng Contract Transfer is conducted in the Company's ordinary course of business and therefore does not require the approval of the shareholders of the Company under Chapter 10 of the Listing Rules. Please also see the confirmation by the SGX-ST as described in paragraph 8.1 above.

**9. NO SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction; accordingly, no service contract is proposed to be entered into between the Company and any such person.

**10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save for their shareholdings in the Company, none of the Directors or controlling shareholders (as such term is defined under the Listing Rules) of the Company, has any interest, direct or indirect, in the Proposed Transaction.

**11. RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (other than information relating to the Vendor, the Target Group Companies, the Prospecting Right and the Thabazimbi Project) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Transaction, the Company and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in the Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Announcement in its proper form and context.

The Vendor accepts full responsibility for the accuracy of the information given in this Announcement (only in respect of information relating to the Vendor, the Target Group Companies, the Prospecting Right and the Thabazimbi Project) and confirm after making all reasonable enquiries that, to the best of its knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Transaction, the Company and the Group, and the Vendor is not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in the Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Vendor has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Announcement in its proper form and context.

## **12. DOCUMENTS FOR INSPECTION**

The following documents will be available for inspection at the registered office of the Company at 8 Temasek Boulevard, Suntec Tower 3, #42-00, Singapore 038988, during normal business hours for a period of three (3) months commencing from the date of this announcement:

- (a) Property Valuation;
- (b) the Agreement; and
- (c) the SRK Report.

## **13. CAUTION IN TRADING**

**Shareholders are advised to exercise caution in trading their shares. The Proposed Transaction is subject to, amongst others, conditions. There is no certainty or assurance as at the date of this announcement the Proposed Transaction will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further material developments on the Proposed Transaction. 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 advisors if they have any doubt about the actions they should take.**

## **BY ORDER OF THE BOARD**

Mr. Li Bin  
CEO and Executive Director  
28 March 2017