CHINA MINING INTERNATIONAL LIMITED
中矿国际有限公司
Registered in Cayman Islands
Company Registration No. CT-140095

Material Variance between Unaudited Financial Results Announcement and Audited Financial Statements for the Financial Year Ended 31 December 2018

The Board of Directors ("**Board**") of China Mining International Limited ("**Company**" and together with its subsidiaries, the "**Group**") refers to the unaudited financial results for the Group for the financial year ended 31 December 2018 ("**FY2018**") announced by the Company on 27 Feb 2019 (the "**Unaudited FY2018 Announced Results**").

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Stock Exchange Securities Trading Limited, the Board wishes to announce that subsequent to the release of the Unaudited FY2018 Announced Results, the external auditors have proposed certain adjustments between the Unaudited FY2018 Announced Results and the audited financial statements for the financial year ended 31 December 2018 (the "**Audited FY2018 Results**") which the management of the Company has adopted accordingly (the "**Audit Adjustments**").

The Audit Adjustments relate mainly to the initial adoption of International Financial Reporting Standards ("**IFRS**") 15 - *Revenue from Contracts with Customers*, which came into effect on 1 January 2018.

The impact of the Audit Adjustments, arising from the adoption of the new revenue standard which in turn necessitates a different timing in revenue recognition for the sale of properties (the "**Timing Differential of Revenue Recognition**"), is described below:

Timing Differential of Revenue Recognition

Previously under International Accounting Standard ("**IAS**") 18 - *Revenue*, sales of properties are recognised when the respective properties have been delivered to and accepted by the customers. Pursuant to the newly adopted transfer-of-control approach under IFRS 15, the revenue from property sales will be recognised when the customers obtain control of the properties, i.e. at the point in time when full payment is received from the customers and their financier, and the properties are ready for handover to customers as stipulated in the sale and purchase agreement. When physical possession of properties are not transferred solely due to the customers' delay in completing the hand-over procedures, the Group has deemed that the properties have been handed over to the customers as specifically provided for in the sale and purchase agreements. In such circumstances, even though the customers have not formally accepted the properties as they have yet to complete the inspection procedures, the Group assessed that this will not defer the transfer-of-control.

Therefore, upon the adoption of IFRS 15, revenue from sale of properties are recognized earlier than previously under the IAS 18. As allowed by IFRS 15, the Group did not restate corresponding figures for the financial year ended 31 December 2017 and elected to apply this Standard retrospectively by recording a cumulative adjustment to accumulated losses as at 1 January 2018 (which reflects the effects of recognizing revenue from agreements that had already met the criteria under the new revenue recognition policy as at 1 January 2018).

As a result, the Group applied the new revenue recognition criteria to the uncompleted contracts as at 1 January 2018 and 31 December 2018, which refers to the agreements for properties sold that has yet to be recognised as revenue because the properties were yet to be delivered to and accepted by the customers.

As the Audit Adjustments, which are due to and relate entirely to the Timing Differential of Revenue Recognition, had impacted the very top line of the consolidated statement of profit and loss of the Group for FY2018, the subsequent related financial items of the financial statements of the Group for FY2018 were consequentially impacted.

The various material variances between the Unaudited FY2018 Announced Results and the Audited FY2018 Results as a result of the Audit Adjustments due to and relate entirely to the Timing Differential of Revenue Recognition are set out in the tables below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited FY2018 Announced Results	**Audited FY2018 Results**	**Material Variance**	
	RMB'000	RMB'000	RMB'000	%
Revenue	35,006	41,597	6,591	18.8
Cost of sales	(17,628)	(20,696)	(3,068)	17.4
Gross profit	17,378	20,901	3,523	20.3
Tax expense	(5,163)	(6,098)	(935)	18.1
<u>Loss attributable to:</u>				
Equity holders of the Company	(2,989)	(918)	2,071	(69.3)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited FY2018 Announced Results	**Audited FY2018 Results**	**Material Variance**	
	RMB'000	RMB'000	RMB'000	%
Completed properties for sale	38,264	17,402	(20,862)	(54.5)
Deferred tax assets	1,620	1,147	(473)	(29.2)
Sales and rental deposits	(31,494)	-	31,494	100.0
Contract liabilities	-	(1,973)	(1,973)	(100.0)
Accruals and other payables	(16,264)	(18,107)	(1,843)	11.3

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited FY2018 Announced Results	Audited FY2018 Results	Material Variance	
	RMB'000	RMB'000	RMB'000	%
Cash flows from operating activities				
Write-back of impairment on completed properties for sale, net	(740)	(256)	484	(65)
Completed properties for sale	21,829	24,897	3,068	14
Contract liabilities	(12,376)	(18,967)	(6,591)	53

Signed for and on behalf of the Board of Directors

BY ORDER OF THE BOARD

Mr Li Bin
CEO and Director

Ms Dong Ling Ling
Director

1 April 2019