



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 ANNUAL REPORT AND UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 30 May 2023 relating to its annual report for the financial year ended 31 December 2022 (“**FY2022**”) (the “**Annual Report**”) and its unaudited condensed financial statements for FY2022 (the “**Unaudited Financial Statements**”).

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

SGX RegCo’s Query 1:

With reference to page 63 & 65 of the Annual Report, please explain why interest income amounted to only RMB18,000 during the financial period ended 31 December 2022 when the Group has significant cash and bank balance amounting to RMB15,095,000.

The Company’s Response

The significant cash and bank balance as at 31 December 2022 was mainly attributed to the redemption of financial assets towards the end of 2022. These financial assets relate to the Group’s investment in non-principal protected financial products with several top 20 commercial banks in the PRC with no fixed maturity term or coupon interest rate or yield return (as disclosed in Note 13 of the audited financial statements for FY2022 on page 124 of the Annual Report). For these investments redeemed in FY2022, the yield earned ranged from 1.9-2.9% per annum, amounting to approximately RMB151,000 with the same being included in ‘Other income: Fair value gain on financial assets, at FVPV - structured deposits’ (and not in ‘Interest income’) as disclosed in Note 31 of the audited financial statements for FY2022 on page 137 of the Annual Report.

Do note that the yield of 1.9-2.9% per annum realized from the abovementioned structured deposits compares significantly better than the interest yield of 0.25% per annum typically commanded by deposits with no fixed maturity term placed with the local banks in the PRC.

SGX RegCo’s Query 2:

2. With reference to page 128 of the Annual Report, the amounts due from holding company amounts to RMB11,662,000, please disclose:

- (i) the underlying transactions which gave rise to the amounts owing of RMB11,662,000;
- (ii) when these amounts are due for repayment; and
- (iii) The Board’s assessment of the recoverability of the amounts due from holding company.

The Company’s Response

As disclosed in Note 28 of the audited financial statements for FY2022 on page 128 of the Annual Report, the amount due to the Group as at 31 December 2022 by the Company’s holding company, a company controlled by the Company’s controlling shareholder, Mr Guo Yinghui (“**Mr Guo**”), and its related companies (collectively, “**Holdco and its Affiliates**”) (the “**Amount Due from Holdco and**

its Affiliates”) amounted to RMB11,662,000 (FY2021: RMB11,736,000) while the amount due from the Group as at 31 December 2022 to Holdco and its Affiliates (the “Amount Due to Holdco and its Affiliates”) amounted to RMB11,110,000 (FY2021: RMB23,025,000). The Amount Due from Holdco and its Affiliates as at 31 December 2022 arose as a consequence to the proposed acquisition of the new agriculture business, via the purchase of 100% of the issued and paid-up share capital of Fully Rich International Investment Limited (广富国际投资有限公司) from 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”) (with China Focus and Profit Run both controlled by Mr Guo) (the “Acquisition”), tabled and approved at the Extraordinary General Meeting of the Company convened on 17 December 2021. The Acquisition was completed on 17 December 2021 with the Amount Due to Holdco and its Affiliates exceeding the Amount Due from Holdco and its Affiliates (as indicated above by the relevant outstanding amounts as at 31 December 2021). All the Amounts Due from Holdco and its Affiliates as at 31 December 2021 and 31 December 2022 and the Amounts Due to Holdco and its Affiliates as at 31 December 2021 and 31 December 2022 were unsecured, non-interest bearing and repayable on demand. Offsetting the Amount Due from Holdco and its Affiliates as at 31 December 2022 against the Amount Due to Holdco and its Affiliates as at 31 December 2022, the net exposure to the Group as at 31 December 2022 was RMB552,000 due from Holdco and its Affiliates (FY2021: RMB14,289,000 due from the Group to Holdco and its Affiliates).

The net amount due from Holdco and its Affiliates of RMB552,000 as at 31 December 2022 reversed to a net amount of RMB228,400 due to Holdco and its Affiliates as at 31 May 2023, with Holdco and its Affiliates all continue in honouring their undertakings, for the next 12 months from 31 December 2022, not to recall for any repayment.

SGX RegCo’s Query 3:

With reference to page 63 of the Annual Report, as at 31 December 2022, the Group has net current liabilities of RMB8,631,000 with cash and cash equivalents of RMB15,095,000. Please disclose the proactive actions which management plans to take to ensure that the Group’s financial position remains strong.

- (i) Please assess the Company’s ability to operate as a going concern.
- (ii) Please assess the Company’s ability to meet its debt covenants (if any).
- (iii) Please assess the Company’s ability to meet its short-term obligations when they fall due.

The Company’s Response

Please refer to Note 2, under the caption of “Fundamental Accounting Concept”, of the audited financial statements on pages 70-71 of the Annual Report for a thorough analysis by the External Auditors of the Company, in consultation with the management of the Company, for the bases as to why the audited financial statements of the Group for FY2022 were prepared on a going concern basis.

SGX RegCo’s Query 4:

It is disclosed on page 14 of the unaudited financial statements that “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 RMB5.03 million), as well as the provision of mining program and surveyed plan to the relevant authorities by Sino-Africa. Due to and consequence to the Covid-19 pandemic situation in South Africa, the said rehabilitation deposit has had yet been placed by Sino-Africa and the activities at the Thabazimbi Mine were temporarily halted.”

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 issuance of the said mining licence is subject to the settlement of the rehabilitation deposit and the provision of mining program and surveyed plan, a process hindered and made worst by the 3 years of global Covid-19 pandemic crisis. The provision of the mining program and surveyed plan is in turn conditional upon the entry of an acceptable new business partner, preferably one that is both financially strong and possesses the requisite mining experiences. Sino-Africa is currently actively looking for potential business partners and investors for the financing and development of the Thabazimbi Project. The Company will make the necessary announcement through SGXNET once there is any significant development in this regard.

SGX RegCo's Query 5:

Listing Rule 1207(19b) requires issuers to explicitly disclose a statement whether and how the issuer has complied with the following best practices on dealing in securities: An officer should not deal in his Issuer's securities on short-term considerations. Please clarify whether and how Listing Rule 1207(19b) has been complied with.

The Company's Response

The Company wishes to confirm that it has in place a policy prohibiting dealings in the Company's securities by Directors and employees of the Group:

- (a) one month before the announcement of its half year and full year unaudited financial statements (the "non-dealing period");
- (b) on short term considerations; and
- (c) when in possession of unpublished price-sensitive or trade-sensitive information.

Two weeks before each non-dealing period, the Company Secretary will notify the Directors and CEO of the Company's share trading prohibition policy, and the management of the Company will ensure that employees of the Group are duly informed of the same.

Based on the foregoing, the Company is in compliance with Rule 1207(19b).

BY ORDER OF THE BOARD

Mr Khai Kebin
CEO & Executive Chairman

2 June 2023