



**CHINA MINING INTERNATIONAL LIMITED**

(Incorporated in the Cayman Islands on 30 September 2004)

(Company Registration Number: CT-140095)

**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.**

**- ENTRY INTO SALE AND PURCHASE AGREEMENT**

**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 announcement dated 21 January 2021 (the **“Previous Announcement”**) in relation to the binding term sheet entered into by the Company 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 (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) (the **“HoldCo”**), which in turn owns 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”**), and wishes to announce that the Company has entered into a sale and purchase agreement dated 31 March 2021 with the Vendors in connection with the Proposed Acquisition (the **“SPA”**). Unless otherwise defined, capitalised terms used herein shall have the meanings ascribed to them in the Previous Announcement.
- 1.2. Under the terms and conditions of the SPA, the aggregate consideration payable for the sale and purchase of the Sale Shares shall be S\$6.966 million (the **“Consideration”**). On completion of the Proposed Acquisition (**“Completion”**), the Consideration shall be satisfied in the form of 162,000,000 new ordinary shares (**“Shares”**) in the issued and paid-up share capital of the Company (the **“Consideration Shares”**) to be issued at an issue price of S\$0.043 per Consideration Share (the **“Issue Price”**) to the Vendors or their nominees in the relevant proportions.

- 1.3. China Focus is wholly-owned by Mr. Guo Yinghui. Profit Run is wholly-owned by a British national in trust for the benefit of Mr. Guo Yinghui. Mr. Guo Yinghui is the Chairman of the Board and an Executive Director of the Company, and is also a controlling shareholder of the Company. The Consideration represents approximately 41.84% of the Group's latest audited net tangible assets ("**NTA**") as at 31 December 2020. In addition, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual exceed 20.00%. Accordingly, the Proposed Acquisition constitutes an interested person transaction under Chapter 9, and a major transaction under Chapter 10, of the Listing Manual for which approval from the independent shareholders (the "**Shareholders**") of the Company (the "**Independent Shareholders**") is required.
- 1.4. As the issue and allotment of the Consideration Shares to the Vendors or their nominees at Completion will result in Mr. Guo Yinghui and his concert parties (the "**Concert Party Group**") holding approximately 62.79% of the enlarged voting rights in the Company, an application will be made to the Securities Industry Council for a waiver to be granted to the Concert Party Group which would (but for such waiver) incur an obligation to make a mandatory general offer for Shares not already owned or controlled by them under, and/or to comply with the requirements of, Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**"). The Independent Shareholders will therefore be asked to vote, by way of a poll, to waive their rights to receive a mandatory general offer from the Concert Party Group in accordance with Rule 14 of the Code upon Completion (the "**Proposed Whitewash Resolution**").
- 1.5. The Company also intends to seek approval from the shareholders of the Company for the Proposed Business Diversification, which will result in a change in the risk profile of the Group.
- 1.6. Accordingly, the Directors intend to convene an extraordinary general meeting to be held in due course to seek approval from: (a) the Shareholders for the Proposed Business Diversification; (b) the Independent Shareholders for the Proposed Acquisition, as well as the proposed issuance of the Consideration Shares; and (c) the Independent Shareholders for the Proposed Whitewash Resolution. Further details of these matters will be set out in the circular to be issued to the Shareholders (the "**Circular**").

## **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 Mr. Guo Yinghui. It is the legal and beneficial owner of 84.15% of the issued and paid-up share capital of the HoldCo.
- 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 Mr. Guo Yinghui. It is the legal and beneficial owner of 15.85% of the issued and paid-up share capital of the HoldCo.
- 2.3. Mr. Guo Yinghui is the Chairman of the Board and an Executive Director of the Company, and is also a controlling shareholder of the Company. Accordingly, the Vendors are Interested Persons for the purpose of the Proposed Acquisition.

### 3. INFORMATION ON THE HOLDCO AND THE TARGET GROUP

- 3.1. The HoldCo 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, mainly the cultivation and wholesale of the fruit and seedling of a specific genotype of soft seed pomegranate known as the Heyin Soft Seed Pomegranate at Xingyang County, Gaoshan Town, Zhengzhou, Henan, the PRC. The Heyin Soft Seed Pomegranate is a geographical indication product. 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. AP Appraisal Limited, an independent valuer, was appointed by the Company to perform a valuation on 100% equity interests of the Target, which was valued at S\$24.50 million as at 31 December 2020, being the date of the valuation. The valuation report dated 30 March 2021 (the “**Valuation Report**”) was prepared on a fair value basis and in accordance with the definitions and standards laid down by the International Valuation Standards, the Hong Kong Financial Reporting Standards, the RICS Valuation Standards and the Business Valuation Standards of the Hong Kong Business Valuation Forum, and taking into consideration, *inter alia*, the following:
- (a) the nature and history of the Target;
  - (b) the financial conditions of the Target;
  - (c) the economic condition and the industry outlook in Asia-Pacific;
  - (d) the specific economic environment and competition for the Target;
  - (e) market-derived investment returns of entities engaged in similar lines of business; and
  - (f) the financial and business risks of the Target including the continuity of income.
- 4.2. As at 31 December 2020: (a) the book value and NTA value of 100% equity interests in the Target is RMB123.64 million (approximately S\$25.23 million); and (b) the book value and NTA value of the Sale Shares is RMB78.03 million (approximately S\$15.92 million).

- 4.3. For the financial year ended 31 December (“FY”) 2020: (a) the net profit attributable to 100% equity interests in the Target is RMB9.99 million (approximately S\$2.04 million); and (b) the net profit attributable to the Sale Shares is RMB6.30 million (approximately S\$1.29 million).
- 4.4. The open market value of the Target is not available as the equity holdings of the Target are not publicly traded. The open market value of the Sale Shares is not available as the securities in the HoldCo are not publicly traded.

## 5. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

The principal terms of the Proposed Acquisition as set out in the SPA are summarised as follows:

|                          |   |
|--------------------------|---|
| <b>Sale and Purchase</b> | The Vendors shall sell, and the Purchaser shall acquire, all (and not some of) the Sale Shares with effect from Completion with all rights then attaching to them including the right to receive all distributions and dividends declared, paid or made in respect of the Sale Shares on or after Completion, free from any encumbrance.  |
| <b>Consideration</b>     | <p>S\$6.966 million. The Consideration was determined pursuant to commercial negotiations between the Directors who are considered independent for the purposes of the Proposed Acquisition (the “<b>Independent Directors</b>”) and the Vendors in good faith and on an arm’s length basis, taking into account the following factors:</p> <p>(a) the valuation of 100% equity interests of the Target based on the Valuation Report, which is S\$24.50 million, whereby the Consideration represents a discount of approximately 54.95% to such valuation;</p> <p>(b) the fact that the agriculture business of the Target Group has passed the cultivation-intensive phase of its early development and has now entered into the relatively less risky phase of commercial growth and harvesting; and</p> <p>(c) the Target Group’s profitability for FY2020 where the Target Group achieved a profit after tax of RMB9.99 million (approximately S\$2.04 million); against the Proposed Acquisition’s share of such a profit after tax of the Target Group for FY2020, the Consideration represents a price earnings ratio of approximately 3.42 times.</p> |
| <b>Payment Terms</b>     | <p>The Consideration shall be fully satisfied by the issue and allotment to the Vendors or their nominees in the relevant proportions of 162,000,000 Consideration Shares at the Issue Price of S\$0.043 per Consideration Share and constituting approximately 47.93% of the enlarged issued and paid-up share capital of the Company on Completion of the Proposed Acquisition.</p> <p>The Consideration Shares shall be issued free from encumbrances and rank <i>pari passu</i> in all respects with and carry all rights similar to existing</p>   |

|                                    |   |
|------------------------------------|---|
|                                    | <p>Shares except that they will not rank for any dividend, right, allotment or other distributions the record date of which falls on or before the date on which Completion takes place.</p> <p>The Issue Price of S\$0.043 per Consideration Share is equivalent to the volume weighted average price per Share on 15 March 2021 (being the full market day immediately preceding the signing of the SPA).</p>   |
| <p><b>Conditions Precedent</b></p> | <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 “<b>Purchaser Conditions</b>”):</p> <ol style="list-style-type: none"> <li>(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%;</li> <li>(2) the Company being satisfied with its findings from the due diligence exercise;</li> <li>(3) 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;</li> <li>(4) the issue and allotment of, and the subscription for, the Consideration Shares not being prohibited by any statute, order, rule or regulation;</li> <li>(5) the receipt of any other requisite third party or governmental approvals for the Proposed Acquisition;</li> <li>(6) the receipt by the HoldCo and each Target Group Company of all applicable third party consents, approvals or waivers in connection with the Proposed Acquisition;</li> <li>(7) each of the representations and warranties given by the Vendors being true and accurate in all respects;</li> <li>(8) the Securities Industry Council having granted the whitewash waiver to the Concert Party Group which would (but for such waiver) incur an obligation to make a mandatory general offer for Shares not already owned or controlled by them;</li> <li>(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);</li> <li>(10) no event, occurrence, change, effect or condition of any character shall have occurred on or prior to completion of the Proposed</li> </ol> |

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|--|---|
|  | <p>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 “<b>Vendors Conditions</b>”):</p> <p>(1) 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; and</p> <p>(2) each of the representations and warranties given by the Company being true and accurate in all respects.</p> |
| <b>Completion</b>                      | <p>Completion of the Proposed Acquisition will take place on the date falling five (5) business days after all of the conditions precedent (other than those which are intended to be satisfied contemporaneously with Completion) are satisfied, fulfilled or waived (as the case may be) or on any other day as the Company and the Vendors may mutually agree in writing in accordance with the terms of the SPA. If the conditions precedent or any of them are not satisfied, fulfilled or waived by the date falling six (6) months after the date of the SPA (unless extended by mutual agreement between the Company and the Vendors), the SPA shall cease and determine.</p>   |
| <b>Vendor Pre-Completion Covenants</b> | <p>Each of the Vendors undertake to observe certain pre-completion covenants with effect from the date of the SPA, including the following:</p> <p>(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;</p> <p>(2) to ensure and procure that the HoldCo’s business and each Target Group Company’s business is to be conducted only in the ordinary course;</p> <p>(3) to maintain all measures in place as at the date of the SPA (and where necessary, to add on further measures) to preserve and protect the assets of the HoldCo and the Target Group; and</p>   |

|   |   |
|---|---|
|   | (4) to ensure and procure that no dividend or other distribution is declared, paid or made out of the profits of the HoldCo and each Target Group Company except with the prior agreement in writing of the Company.  |
| <b>Governing Law and Dispute Resolution</b> | The SPA 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 SPA, each of the parties hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Singapore. |

## 6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

### 6.1. Bases and Assumptions

The following are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company after Completion of the Proposed Acquisition. The financial effects of the Proposed Acquisition on the Company as set out below are based on the Group's latest audited financial statements for FY2020 and the following assumptions:

- (a) the financial effects on the Group's NTA attributable to the Shareholders and the NTA per Share have been computed assuming that Completion of the Proposed Acquisition took place on 31 December 2020; and
- (b) the financial effects on the Group's earnings attributable to the Shareholders and the loss per Share ("LPS") have been computed assuming that Completion of the Proposed Acquisition took place on 1 January 2020.

### 6.2. Share Capital

As at the date hereof, the Company has 175,988,500 Shares in issue (excluding treasury shares) with a share capital and share premium of RMB235.83 million. On Completion of the Proposed Acquisition, the Company will have 337,988,500 Shares in issue (excluding treasury shares) with a share capital and share premium of RMB269.96 million.

### 6.3. NTA per Share

|   | Before the Proposed Acquisition | On Completion |
|---|---------------------------------|---------------|
| NTA <sup>(1)</sup> attributable to the Shareholders (RMB'000) | 81,576                          | 115,709       |
| Number of Shares (excluding treasury shares) ('000)           | 175,989                         | 337,989       |
| NTA per Share (RMB cents)                                     | 46.35                           | 34.23         |

**Note:-**

- (1) NTA means total assets less the sum of total liabilities, non-controlling interest and intangible assets (net of non-controlling interest).

#### 6.4. LPS

|  | Before the Proposed Acquisition | On Completion |
|--|---------------------------------|---------------|
| Loss after taxation and non-controlling interests (RMB'000)          | 15,706                          | 9,404         |
| Weighted average number of Shares (excluding treasury shares) ('000) | 156,935                         | 318,935       |
| LPS (RMB cents)  | 10.01                           | 2.95          |

#### 6.5. Gearing

|   | Before the Proposed Acquisition | On Completion |
|---|---------------------------------|---------------|
| Net borrowings / (cash) <sup>(1)</sup> as at 31 December 2020 (RMB'000) | 490                             | 490           |
| Shareholders' equity (RMB'000)  | 81,576                          | 115,709       |
| Gearing (times)   | 0.006                           | 0.0042        |

**Note:-**

- (1) Net borrowings means total borrowings less cash and bank balances. Net cash means cash and bank balances are more than total borrowings.

#### 7. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures of the Proposed Acquisition computed on the bases as set out in Rule 1006 of the Listing Manual and based on the Group's latest announced financial statements for FY2020 are set out as follows:

|     | Bases Under Rule 1006  | Relative Figure        |
|-----|--|------------------------|
| (a) | The NAV of the assets to be disposed of, compared with the Group's NAV. This basis is not applicable to an acquisition of assets.  | N.A.                   |
| (b) | The net profits <sup>(1)</sup> attributable to the assets acquired or disposed of, compared with the Group's net profits <sup>(1)</sup> .  | -40.13% <sup>(2)</sup> |
| (c) | The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued Shares (excluding treasury shares).  | 92.05% <sup>(3)</sup>  |
| (d) | The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.  | 92.05% <sup>(4)</sup>  |
| (e) | 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 & gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount. | N.A.                   |

**Notes:-**

- (1) Net profit means profit before income tax, minority interest and extraordinary items.
- (2) The net profits attributable to the Sale Shares for FY2020 is RMB6.30 million (approximately S\$1.29 million) while the net loss attributable to the Group for FY2020 is RMB15.7 million (approximately S\$3.21 million).
- (3) Based on the Consideration of S\$6.966 million and the market capitalisation of the Company being S\$7.57 million, which is calculated based on the weighted average price of S\$0.043 per Share on 15 March 2021 (being the market day preceding the date of the SPA) and 175,988,500 Shares in issue (excluding treasury shares) as at 31



March 2021 (being the date of the SPA).

- (4) Based on 162,000,000 Consideration Shares to be issued and allotted to the Vendors or their nominees in the relevant proportions and 175,988,500 Shares in issue (excluding treasury shares) as at 31 March 2021 (being the date of the SPA).

Accordingly, the Proposed Acquisition is a major transaction pursuant to Chapter 10 of the Listing Manual.

## **8. 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 fund raising via capital markets as and when necessary and deemed appropriate.

## **9. INTERESTED PERSON TRANSACTION**

- 9.1. As described in Paragraph 2 above, the Vendors are interested persons for the purpose of the Proposed Acquisition.
- 9.2. During FY2020 up to the date hereof, there was an interest-free advance of RMB1.00 million extended by Mr Guo Yinghui, the Executive Chairman and a controlling Shareholder of the Company, to the Group in January 2020, with the same having been fully repaid in February 2020. Save for the aforesaid and the Proposed Acquisition, the Group has not entered into any other interested person transactions during this period.
- 9.3. The Company will appoint an independent financial adviser (“**IFA**”) to, *inter alia*, advise the Independent Directors in respect of the Proposed Acquisition. The audit committee of the Board will provide its view on the Proposed Acquisition after considering the opinion of the IFA, which will be set out in the Circular.

## **10. RATIONALE FOR THE PROPOSED ACQUISITION**

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.

## **11. SERVICE CONTRACTS**

With effect from the Completion Date, Ms. Zhang Xiaoying will be appointed to the Board as an executive director of the Company. Ms. Zhang Xiaoying will enter into a service agreement with the Target prior to the Completion of the Proposed Acquisition for the renewal of her continued appointment as the managing director and general manager of the Target.

## **12. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save for Mr. Guo Yinghui, 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.

## **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 FY2020;
- (c) the SPA; and
- (d) the Valuation Report.

## **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

31 March 2021