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

DISCLAIMER OF OPINION BY AUDITORS ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors (the "**Board**") of China Mining International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's Independent Auditors, Crowe Horwath First Trust LLP, have included a disclaimer of opinion (the “**Disclaimer of Opinion**”) in their Independent Auditors' Report dated 10 June 2024 (the "**Independent Auditors' Report**") in relation to the consolidated financial statements of the Group and the Company for the financial year ended 31 December 2023 (“**FY2023**”) (the “**Financial Statements**”).

The basis for the Disclaimer of Opinion is contained in the Independent Auditor's Report, a copy of which together with the relevant extract of Note 2.2 to the Financial Statements pertaining to the Group’s and the Company’s going concern assumption are attached to this announcement for information. Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditors’ Report, the Financial Statements and the Company’s Annual Report for FY2023 in their entirety and to exercise caution when dealing in the shares of the Company.

BY ORDER OF THE BOARD
CHINA MINING INTERNATIONAL LIMITED

Mr Guo Wenjun
Deputy Chairman & Executive Director
10 June 2024

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of China Mining International Limited (the "Company") and its subsidiaries (the "Group"), set out on pages 62 to 142, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position and statement of changes in equity of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(1) Use of going concern assumption

As disclosed in Note 2.2 to the financial statements, the Group reported a significant net loss of RMB 84,532,000 and negative operating cash flows of RMB 2,870,000 for the financial year ended 31 December 2023. As at 31 December 2023, the Group and the Company had net current liabilities of RMB 22,532,000 and RMB 120,372,000 respectively. The Group's cash and cash equivalents amounted to RMB 7,353,000, while its current liabilities stood at RMB 43,648,000 (inclusive of external term loans payable of RMB 26,291,000 due within the next 12 months). These conditions indicate the existence of multiple material uncertainties which may cast significant doubts on the abilities of the Group and the Company to continue as going concerns.

Notwithstanding the above, the Board of Directors and management have prepared the financial statements on a going concern basis, relying on the assumptions as disclosed in Note 2.2 to the financial statements, including, the expected receipt of proceeds from the disposal of the Group's indirect interest (effective interest of 16.06%) in the mining rights to the iron ore in South Africa (see Note 12) and the continued financial support from a controlling shareholder, Mr. Guo Ying Hui, which will enable the Group to operate as a going concern and to meet its obligations as and when they fall due. Such financial support includes not recalling the balances owed to Mr Guo's controlled entities within the next 12 months unless the Group has sufficient funds, and providing advances to the Group as needed. Management is also confident in renewing a bank loan of RMB 10,000,000 due on 21 June 2024 and obtaining a 3-year loan extension from a government agency for a loan of RMB 10,000,000, which had matured in April 2022.

Basis for Disclaimer of Opinion (Continued)

(1) Use of going concern assumption (Continued)

As at the date of this report, we have been unable to obtain sufficient appropriate audit evidence regarding:

(a) the realisability of the Group's indirect interest in the mining rights to the iron ore in South Africa, which is contingent upon the successful completion of the disposal transaction and the subsequent recovery of proceeds.

(b) the Group's ability to successfully renew loans from the bank and government agency, as described in Note 2.2 to the financial statements.

(c) Mr. Guo Ying Hui's financial ability to provide financial support to the Group to enable the Group to operate as a going concern and to meet its obligations as and when they fall due.

In view of the foregoing, we were unable to satisfy ourselves as to the appropriateness of the going concern basis of accounting used in the preparation of these financial statements.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities, where applicable, as current assets and current liabilities respectively. No such adjustments have been made to these financial statements.

(2) Expected credit losses on trade and other receivables, and prepayments

As at 31 December 2023, the Group and the Company has significant credit risk exposure in respect of the following items:

(a) Trade receivables: As disclosed in Note 15 to the financial statements, the Group had outstanding net trade receivables from a major customer of RMB 1,213,000, stated after an allowance of Expected Credit Losses ("ECL") of RMB 305,000 (including an amount of RMB 61,000 reversed in profit or loss during the financial year). The carrying amount includes a brought-forward balance of RMB 423,000.

(b) Prepayments: During the financial year, as disclosed in Note 35, the Group discontinued its operation of trading of goods via online platform in April 2023. Included in the carrying amounts of prepayments of the Group are net balances owing from four suppliers of trading goods representing advance payments for purchases that the Group is currently seeking the refund in cash, totalling RMB 1,371,000, stated after an ECL allowance of RMB 2,495,000 recognised during the current financial year.

Basis for Disclaimer of Opinion (Continued)

(2) Expected credit losses on trade and other receivables, and prepayments (Continued)

(c) Other (non-trade) receivables: Included in other receivables of the Group and the Company is a net amount of RMB 956,000 owed by a third party, stated after an ECL allowance of RMB 106,000 recognised during the current financial year. This amount has been contractually overdue since October 2023.

The Group has not been able to recover the above-mentioned amounts since the respective due dates up to the date of this report. Management has made the above ECL allowance based on their best estimates taking into account the ageing of the debts. However, due to limited information, there is insufficient evidence to substantiate the ability of these third parties to repay their obligations. Consequently, we were unable to conclude on the adequacy and appropriateness of the ECL recognised as at 31 December 2023 totalling RMB 2,906,000 and the amount recognised in profit or loss for the current financial year amounting to RMB 2,540,000 (inclusive of an amount of RMB 2,495,000 presented within "Loss from discontinued operations"), including the relevant disclosures and whether any adjustments were necessary for the carrying amounts of trade receivables, and other receivables, deposit and prepayments as at 31 December 2023.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of International Financial Reporting Standards (IFRSs), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing ("ISAs") and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

2. BASIS OF PREPARATION (Continued)

2.2 Fundamental accounting concept

During the current financial year ended 31 December 2023, the Group has recorded a net loss of RMB 84,532,000 (2022: RMB 7,579,000) and operating cash outflows of RMB 2,870,000 (2022: RMB 1,165,000). As at 31 December 2023, the Group and the Company had net current liabilities of RMB 22,532,000 (2022: RMB 8,631,000) and RMB 120,372,000 (2022: RMB 117,040,000) respectively. As of that date, the Group's cash and cash equivalents amounted to RMB 7,353,000, while its current liabilities stood at RMB 43,648,000 (inclusive of external term loans payable of RMB 26,291,000 which are due within the next 12 months).

Despite the above factors, the accompanying financial statements have been prepared on a going concern basis. Management's assessment of the Group's and the Company's ability to continue as a going concern includes the following key assumptions:

(a) The Group's agriculture business is expected to generate operating profits and operating cash inflows in financial year 2024, following a challenging FY2023. The performance in FY2023 was significantly impacted by adverse weather conditions and land reclamation issues, resulting in the write-off of bearer plants (Note 7);

(b) The Group continues to receive financial support from Mr. Guo Ying Hui, a controlling shareholder of the Company, enabling it to operate as a going concern and meet its obligations as and when they fall due. Mr. Guo Ying Hui has agreed not to recall the aggregate amount of RMB 3,354,000 owing to his controlled entities (classified as non-current liabilities (Note 17(ii)) within the next 12 months, and to provide additional funds should the Group requires working capital. In addition, subsequent to reporting date, one of Mr Guo Ying Hui's controlled entities has entered into a loan agreement to provide interest-free loan of up to RMB 10,000,000 to the Group for a period of 18 months from date of drawndown. As of the date of authorisation of these financial statements, RMB 5,600,000 has been drawndown and received by the Group;

(c) The Group holds a 40.15% interest in Sino Feng Mining S.àr.l. ("Sino Feng"), an unquoted investment classified as a financial asset at fair value through other comprehensive income (FVOCI) (Note 12). Sino Feng has an underlying interest in Aero Wind Properties Pty Ltd ("AWP"), which holds mining rights to an iron ore mine in South Africa (in which the Group has an effective interest of 16.06%). As announced by the Company via SGXNet on 21 May 2024 and 30 May 2024, the majority shareholder of Sino Feng, via Sino Feng's wholly-owned subsidiary, has entered into an agreement to dispose of its interest in AWP. The Group expects to receive USD 6,000,000 (approximately RMB 43,000,000) from this transaction, which will be sufficient to repay the current portion of bank borrowings and fund the Group's operation for at least the next 12 months from reporting date;

(d) As disclosed in Note 22, the Group's Loan 3 from a government agency, initially with a 3-year term that matured in April 2022, includes an option that allows the Group to extend the loan for a further 3 years. Although the Group has yet to enter into an extension agreement due to the government agency's restructuring, management is confident that an agreement will be reached to extend the loan for a further 3 years. The Group is also confident of successful renewal of Loan 1 amounting to RMB 10,000,000 which is due on 21 June 2024. Additionally, subsequent to the reporting date, the Agri Sub-group received a non-legally binding Letter of Intent from a different PRC bank for a facility of up to RMB 20,000,000; and

(e) The directors of the Company conducted a detailed review of the Group's cash flows forecast prepared by the management for the next 12 months ending 31 December 2024. Based on the cash flows forecast, the directors of the Company are confident that, considering the factors mentioned above, the Group has sufficient liquidity to meet its working capital requirements for the next 12 months ending 31 December 2024.

2. BASIS OF PREPARATION (Continued)

2.2 Fundamental accounting concept (Continued)

In view of the above, the accompanying financial statements have been prepared on a going concern basis and no adjustment has been made to the financial statements to reflect the situation that assets may be realised other than in the normal course of business or at significantly different amount from that being currently recorded in the statements of financial position in the unlikely event that the Group and the Company cannot continue to operate on a going concern in the foreseeable future. In such circumstances, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

2.3 Functional and presentation currency

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Chinese Renminbi ("RMB"), which is the functional currency of the Company and all values are rounded to the nearest thousand (RMB'000) as indicated, unless otherwise stated.

2.4 Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Other than as disclosed in Note 12, there are no judgements made by management (apart from those involving estimations) in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Valuation of financial assets, at FVOCI

Management has measured the fair value of the financial assets, at FVOCI representing the unquoted equity investment of 40.15% in Sino Feng using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable data when possible, but when this is not feasible, a degree of judgement is required in establishing the fair value.

The critical assumptions include significant judgement in estimating future cash flows, especially the iron ore selling price, license renewal period, discount rate, capital and operating expenditure, etc. Changes in these key assumptions could affect the reported fair value of financial assets, at FVOCI. The valuation technique and assumptions as well as the relevant sensitivity analysis are described in Note 12.