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滙力集團
HUILI GROUP

HUILI RESOURCES (GROUP) LIMITED

滙力資源（集團）有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1303)

**PROFIT WARNING
AND
UPDATE ON THE ACQUISITIONS**

PROFIT WARNING

This announcement is made by Huili Resources (Group) Limited (“the Company”, and together with its subsidiaries, the “Group”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined in the Listing Rules).

The board of directors (the “Board”) of the Company wishes to inform the shareholders of the Company and potential investors that based on a preliminary review of the unaudited management accounts of the Group, it is expected that the Group will record a loss for the year ended 31 December 2012 (the “Period”) as a result of a decrease in revenue due to sluggish market condition during the Period.

The Company is still in the process of finalising the Group’s results for the Period. The information contained in this announcement is only based on the Company’s preliminary review of the unaudited management accounts of the Group, which have not been audited or reviewed by the Company’s auditors. The audited results for the Period will be published in March 2013.

UPDATE ON THE ACQUISITIONS

References are made to the prospectus of the Company dated 29 December 2011 (the “Prospectus”) and the announcement of the Company dated 31 December 2012 in relation to, among other things, the conditional acquisition of the entire equity interests in Shaanxi Jiarun and Shaanxi Jiahe (the “Acquisitions”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

The Board would like to update the Shareholders in respect of the status of the Acquisitions as follows:

1. Conditions precedent under the Acquisition Agreements

As at the date of this announcement:

- (a) in respect of the Shaanxi Jiahe Acquisition Agreement (as supplemented by the related supplemental agreements), the conditions precedent numbered (4) and (5) on pages 283 and 284 of the Prospectus have been fulfilled, whereas those numbered (6) to (10) on pages 283 and 284 of the Prospectus have so far also been satisfied; and
- (b) in respect of the Shaanxi Jiarun Acquisition Agreement (as supplemented by the related supplemental agreements), the conditions precedent numbered (4) and (5) on page 278 of the Prospectus have been fulfilled, whereas those numbered (6) to (10) on page 279 of the Prospectus have so far also been satisfied.

The remaining conditions precedent of the Acquisition Agreements mainly relate to or are largely dependent on the obtaining of the mining permits for Project Huaba and Project Huangjinmei (the “Mining Permits”) by Shaanxi Jiarun and Shaanxi Jiahe, respectively.

During the year ended 31 December 2012 and up to the date of this announcement, the vendor (i.e. Shaanxi Jiatai Hengrun, the “Vendor”) has been assisting Shaanxi Jiarun and Shaanxi Jiahe (being the target companies) in their application for the Mining Permits from the relevant governmental authorities in Shaanxi Province (as these are the Vendor’s duties and obligations). Such applications involve a large amount of administrative procedures and back-and-forth document submissions to various governmental authorities, the timing of which are all out of the parties’ control. Based on the latest understanding from the Vendor, it is currently estimated that the Mining Permits will be issued in the first quarter of 2013.

2. Current status of Project Huangjinmei and Project Huaba

(a) *Project Huangjinmei*

The Company understands from Shaanxi Jiahe that it had submitted all necessary reports/documents for the application for the relevant Mining Permit and is now waiting for the final approval from the Department of Land and Resources of the Shaanxi Province. Mine

construction and all related infrastructure setup cannot commence until the grant of the relevant Mining Permit. Shaanxi Jiahe has, however, already started the land requisition procedures for the construction of the processing plant.

(b) *Project Huaba*

The Company understands from Shaanxi Jiarun that a geology report submitted for the purpose of the relevant Mining Permit application is still under examination by a sub-division of the Department of Land and Resources of Shaanxi Province. Therefore, mine construction and the related infrastructure setup have not commenced.

3. Delay of the development of Project Huangjinmei and Project Huaba

The completion of the Acquisitions and the key milestones of Project Huangjinmei and Project Huaba are largely dependent on their obtaining their respective Mining Permits. The key milestones as disclosed in the section headed “Acquisition — Our future development plan on Project Huaba and Project Huangjinmei” of the Prospectus were based on the assumptions that the Mining Permits of Project Huangjinmei and Project Huaba would have been granted in January 2012 and February 2012, respectively.

As explained in the section headed “1. Conditions under the Acquisition Agreement” above, the applications for the Mining Permits involve a series of administrative procedures and various governmental authorities and the expected timing is out of the parties’ control. Any delay in obtaining the mining permits will unavoidably defer the overall time schedule of each development phase by the same extent of time but will not affect the respective production capacities and capital expenditures as disclosed in the Prospectus.

The Board will update the Shareholders and potential investors on the Acquisitions once material progress is made or where required by the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Huili Resources (Group) Limited
WANG Dayong
Chairman

Hong Kong, 18 January 2013

As of the date of this announcement, the executive directors are Mr. WANG Dayong, Mr. LU Qi, Mr. ZHAO Guangsheng, Mr. WU Guangsheng, Mr. ZHAO Bochen and Mr. MA Boping, and the independent non-executive directors are Mr. CAO Shiping, Mr. CAO Kuangyu and Mr. SIN Lik Man.