滙力集團
HUILI GROUP

HUILI RESOURCES (GROUP) LIMITED

滙力資源(集團)有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1303)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The board of directors (the "Board") of Huili Resources (Group) Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2014, together with comparative figures for the previous financial year as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2014	2013
	Note	**RMB'000**	RMB'000
Revenue	4	**3,504**	1,097
Cost of sales	5	**(25,039)**	(9,024)
Gross loss		**(21,535)**	(7,927)
Administrative expenses	5	**(47,470)**	(26,687)
Other gains/(losses) — net	6	**18,229**	(5,608)
Operating loss		**(50,776)**	(40,222)
Finance income		**1,155**	1,103
Finance costs		**(13,556)**	(6,630)
Finance costs — net	7	**(12,401)**	(5,527)

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Loss before income tax		**(63,177)**	(45,749)
Income tax credit/(expense)	8	**6,319**	(357)
Loss for the year		**(56,858)**	(46,106)
Loss attributable to:			
Equity holders of the Company		**(54,466)**	(45,376)
Non-controlling interests		**(2,392)**	(730)
		(56,858)	(46,106)
Loss per share attributable to the equity holders of the Company (expressed in RMB per share)			
— Basic and diluted	9	**(0.054)**	(0.045)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Loss for the year	**(56,858)**	(46,106)
Other comprehensive loss:		
Items that may be reclassified to profit or loss		
Change in value of available-for-sale financial assets	**(7,467)**	—
Other comprehensive loss for the year, net of tax	**(7,467)**	—
Total comprehensive loss for the year	**(64,325)**	(46,106)
Attributable to:		
Equity holders of the Company	**(61,933)**	(45,376)
Non-controlling interests	**(2,392)**	(730)
Total comprehensive loss for the year	**(64,325)**	(46,106)

CONSOLIDATED BALANCE SHEET

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	**104,952**	107,634
Mining rights and exploration rights	**177,363**	188,245
Land use rights	**9,585**	9,828
Deferred tax assets	**9,749**	7,197
Other non-current assets	**3,149**	1,951
Available for sale financial assets	**102,301**	—
Total non-current assets	**407,099**	314,855
Current assets		
Inventories	**6,283**	11,369
Other receivables and prepayments	**51,631**	64,859
Cash and cash equivalents	**72,868**	223,583
Total current assets	**130,782**	299,811
Total assets	**537,881**	614,666
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	**86,322**	86,322
Share premium	**416,979**	416,979
Other reserves	**(19,635)**	(12,168)
Accumulated losses	**(119,673)**	(65,207)
	363,993	425,926
Non-controlling interests	**4,172**	6,564
Total equity	**368,165**	432,490

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
LIABILITIES			
Non-current liabilities			
Provision for close down, restoration and environmental costs		**4,473**	4,151
Deferred tax liabilities		**45,241**	49,008
Convertible bonds		**—**	72,503
Total non-current liabilities		**49,714**	125,662
Current liabilities			
Trade payables	10	**1,267**	1,821
Other payables and accruals		**33,204**	35,329
Income tax payable		**266**	266
Convertible bonds		**84,547**	—
Derivative financial instruments		**718**	19,098
Total current liabilities		**120,002**	56,514
Total liabilities		**169,716**	182,176
Total equity and liabilities		**537,881**	614,666
Net current assets		**10,780**	243,297
Total assets less current liabilities		**417,879**	558,152

1 GENERAL INFORMATION AND REORGANIZATION

1.1 General information

Huili Resources (Group) Limited ("the Company") was incorporated in the Cayman Islands on 19 February 2010 as an exempted company with limited liability under Companies Law (Cap 22, as amended and revised) of the Cayman Islands in preparation for a listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "Listing") under the name of Realty Resources (Group) Limited. On 13 May 2010, the Company changed its name to Huili Resources (Group) Limited. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 12 January 2012.

The Company is an investment holding company and its subsidiaries (collectively the "Group") are principally engaged in the mining, ore processing and sales of nickel, copper, lead, zinc and gold products in the People's Republic of China (the "PRC"). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

These financial statements have been approved for issue by the Board of directors on 27 March 2015.

1.2 The Reorganization

Prior to the incorporation of the Company and the completion of the Reorganization (as defined below), the operating companies, incorporated in the PRC, namely 哈密市錦華礦產資源開發有限責任公司 (Hami Jinhua Mineral Resource Exploiture Limited) ("Hami Jinhua") and 哈密市佳泰礦業資源開發有限責任公司 (Hami Jiatai Mineral Resource Exploiture Limited) ("Hami Jiatai") were held by Realty Investment (Group) Limited ("Realty Investment"). Realty Investment was held by Right Source International Limited ("Right Source") and Fortune In Investments Limited ("Fortune In"), both incorporated in the British Virgin Islands ("BVI"), with effective equity interests of 55% and 45% respectively. Right Source was 100% owned by Mr. Lu Qi, and Fortune In was held by Sky Circle and First Arrival Investments Limited ("First Arrival"), a company incorporated in the BVI, with effective equity interests of 65% and 35% respectively. Sky Circle and First Arrival were 100% owned by Mr. Wang Dayong.

In preparation for the Listing, the Company underwent a group reorganization (the "Reorganization"), pursuant to which the companies comprising the Group were transferred to the Company. The Reorganization mainly involved the following:

(i) On 4 January 2010, King Award was established in the BVI and one share of US$1.00 in the share capital of King Award was allotted and issued to Mr. Lu Qi on 3 February 2010;

(ii) On 19 February 2010, the Company was incorporated in the Cayman Islands with one subscriber share of HK$0.10 in the share capital of the Company, which was transferred to Sky Circle on the same date;

(iii) On 23 March 2010, First Arrival transferred its 35% shareholding in Fortune In to Sky Circle at nil consideration;

(iv) On 24 March 2010, Mr. Lu Qi transferred the entire issued share capital of Right Source to the Company and released Sky Circle from its obligation to repay a RMB45 million loan, and against Sky Circle assigning the benefit of the loan (due to it from Fortune In) in the amount of RMB45 million (as outlined in paragraph (v) below), the Company issued 5,500 shares of HK$0.10 to King Award for the amount of HK$50,329,753 (being the amount of HK$50.35 million (representing the HK$ equivalent of RMB45 million) plus the unaudited shareholder's deficit of Right Source of HK$(20,247)) and King Award issued one new share at an amount equal to HK$50,329,753 to Mr. Lu Qi;

(v) On 24 March 2010, Sky Circle transferred the entire issued share capital of Fortune In and assigned a RMB90 million loan (a part of it is the RMB45 million loan referred to in paragraph (iv) above and the remaining of it was lent by Mr. Wang Dayong through Sky Circle to Fortune In) to the Company and, in consideration therefore (i) the Company issued 4,499 shares of HK$0.10 for the amount of HK$50,333,118 (being the amount of HK$50.35 million (representing the HK$ equivalent of RMB45 million) plus the unaudited shareholder's deficit of Fortune In of HK$(16,882)) to Sky Circle (and such 4,499 shares, together with the one share that Sky Circle already held (as referred to in paragraph (ii) above), represented 45% of the then enlarged share capital); and (ii) the Company (at the direction of Sky Circle) issued 5,500 shares to King Award as referred to in paragraph (iv) above.

Upon completion of the Reorganization, the Company became the holding company of the Group.

(vi) On 18 May 2010, the Company increased its authorized share capital to HK$500,000,000 divided into 5,000,000,000 ordinary shares of HK$0.10 each. The Company capitalized an amount of HK$71,249,000 (equivalent to RMB62,692,000) of its share premium and issued, on a pro rata basis, 391,869,500 shares to King Award and 320,620,500 Shares to Sky Circle on the same day.

2 BASIS OF PRESENTATION

In light of the fact that the Company obtained control of the companies comprising the Group by issuing its own shares in exchange for shares of Right Source and Fortune In; the assets and liabilities of the companies comprising the Group are the same immediately before and after the Reorganization; and the ultimate shareholders before the Reorganization have the same absolute and relative interests in the net assets of the companies comprising the Group immediately before and after the Reorganization, the financial statements are presented using predecessor value accounting in a manner similar to the uniting of interests method. Under predecessor value accounting, the financial statements consolidate the results and the carrying amounts of assets and liabilities of the companies comprising the Group as if the Group had always been existed. A single uniform set of accounting policies is adopted by all group companies.

In the Company's balance sheet, the deemed cost of investment in subsidiaries recognized upon the Reorganization is the existing book values of net assets of the group companies comprising the Group as at the date of Reorganization.

Inter-company transactions, balances and unrealised gains or losses on transactions between group companies have been eliminated upon consolidation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied for each of the years ended 31 December 2013 and 2014, unless otherwise stated.

3.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

3.1.1 Going concern

During the year ended 31 December 2014, the Group incurred a loss of approximately RMB56,858,000 and had a net operating cash outflows of approximately RMB23,552,000 due to the suspension of operation in the Group.

On 19 December 2013, the Company issued convertible bonds with an original principal amount of HK$107,500,000 to a third party, ACE AXIS Limited. Based on the current share price of the Company, management estimated that it is unlikely that the convertible bonds will be converted into ordinary shares upon the scheduled maturity date of the convertible bonds on 19 December 2015 (the "Maturity Date"), such that these bonds might need to be redeemed by the Company at HK$124,700,000 (equivalent to RMB98,376,000) on the Maturity Date. The cash and cash equivalents of the Group amounted to RMB72,868,000 as at 31 December 2014, and with an anticipated operating cash outflows for the year ending 31 December 2015, management estimated that there would be a significant shortage of funds to honour the redemption obligations of the convertible bonds if no additional financial resources are available to the Group.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern, and have taken the following measures to mitigate the liquidity pressure and to improve its financial position.

On 26 March 2015, the Company entered into an agreement with ACE AXIS Limited and State Right Rui Xi Investment Fund Management Limited, the General Partner of CRRI State Right Investment Fund L.P. (the "Fund"). Pursuant to this agreement, ACE AXIS Limited has the discretion to subscribe for new convertible bonds or corporate bonds to be issued by the Company in the principal amount of HK$124,700,000 with a term of two years. Furthermore, State Right Rui Xi Investment Fund Management Limited has the right to purchase, or find a purchaser to purchase, the entire partnership interests held by the Company in the Fund (or a portion thereof) for a consideration of not less than HK$139,500,000 (to be adjusted on a pro rata basis if only a portion of such interests are purchased). Otherwise, these parties shall further negotiate with the Company in order to try to reach an alternative agreement in relation to redemption of the existing convertible bonds before the Maturity Date. In addition, it is also agreed in the said agreement that if ACE AXIS Limited decides to proceed with the subscription of the new convertible bonds or corporate bonds, the subscription proceeds to be paid by ACE AXIS Limited shall be used to offset against the Company's redemption liability of HK$124,700,000.

The directors have reviewed the Group's cash flow projections, which cover a period of a twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned planned financing arrangements, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as at when they fall due within the next twelve months from the end of the reporting period. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the commitments and financial capability of ACE AXIS Limited and State Right Rui Xi Investment Fund Management Limited to provide fundings to the Group as stated in the above-mentioned agreement before the Maturity Date of the existing convertible bonds. Should the Group be unable to achieve the above plans such that it would not be able to operate as a going concern, adjustments would have to be made to reduce the carrying value of the Group's assets to their recoverable amounts, to provide for any future liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

3.1.2 Changes in accounting policy and disclosures

(a) New and amended standards, mandatory for the first time for the financial year beginning 1 January 2014 but are not currently relevant to the Group (although they may affect the accounting for future transactions and events).

Amendment to HKAS 32 "Financial instruments: Presentation"on asset and liability offsetting, clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

Amendments to HKFRS 10, 12 and HKAS 27 "Consolidation for investment entities", means that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an "investment entity" definition and which display particular characteristics. Changes have also been made HKFRS 12 to introduce disclosures that an investment entity needs to make.

Amendment to HKAS 36 "Impairment of assets" on recoverable amount disclosures, addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Amendment to HKAS 39 "Financial Instruments: Recognition and Measurement"- 'Novation of derivatives, provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.

HK(IFRIC) 21 "Levies", is an interpretation of HKAS 37, "Provisions, contingent liabilities and contingent assets". HKAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

(b) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2014 and have not been early adopted.

	Applicable for accounting periods beginning on/after
Amendment to HKAS19 regarding defined benefit plans: employee contributions	1 July 2014
Annual improvements 2012	
—HKFRS8, "Operating segments"	1 July 2014
—HKAS16, "Property, plant and equipment"	1 July 2014
—HKAS38, "Intangible assets"	1 July 2014
—HKAS 24, "Related Party Disclosures"	1 July 2014
Annual improvements 2013	
—HKFRS3, "Business combinations"	1 July 2014
—HKFRS13, "Fair value measurement"	1 July 2014
—HKAS40, "Investment property"	1 July 2014
HKFRS 14 "Regulatory Deferral Accounts"	1 January 2016
Amendment to HKFRS 11 on accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to HKAS 16 and HKAS 38 on clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to HKAS 16 and HKAS 41 on Agriculture: bearer plants	1 January 2016
Amendments to HKFRS 10 and HKAS 28 on sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendment to IAS/HKAS 27 on equity method in separate financial statements	1 January 2016
Annual improvements 2014	
— HKFRS 5, "Non-current assets held for sale and discontinued operations"	1 January 2016
— HKFRS 7, "Financial instruments: Disclosures"	1 January 2016
— HKAS 19, "Employee benefits"	1 January 2016
— HKAS 34, "Interim financial reporting"	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 on investment entities: applying the consolidation exception	1 January 2016
Amendments to HKAS 1 for the disclosure initiative	1 January 2016
HKFRS15 "Revenue from Contracts with Customers"	1 January 2017
HKFRS 9 "Financial Instruments"	1 January 2018

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

(c) New Company Ordinance

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

4 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Group's chief operating decision maker ("CODM") that are used to make strategic decisions. The CODM has been identified as the Company's Board of directors.

The CODM reviews the operating performance from a mine perspective (ie nickel/copper mine, lead/zinc mine and gold mine). The reportable operating segments derive their revenue primarily from mining, ore processing and sales of nickel, copper, lead, zinc and gold products.

For each of the years ended 31 December 2013 and 2014, the Group had three (note a, b and c) reportable segments respectively:

(a) Hami Jiatai which held two nickel/copper mines and was mainly engaged in the mining, ore processing and sales of nickel and copper products;

(b) Hami Jinhua which held a lead/zinc mine and was mainly engaged in the mining, ore processing and sales of lead and zinc products; and

(c) Shaanxi Jiahe Mineral Resources Development Co. Ltd. ("Shaanxi Jiahe") which held a gold mine and was mainly engaged in the mining, ore processing and sales of gold products.

Apart from the three reportable segments, other activities of the Group were mainly investment holdings which are not considered as an operating segment and therefore grouped as "Unallocated" for the purpose of financial statements disclosures.

The CODM assesses the performance of the operating segments based on operating profit, excluding the effects of non-recurring impairments of mining rights and property, plant and equipment when the impairment is the result of an isolated, non-recurring event. The measure of operating profit for segment review also excludes unrealised gains/losses on financial instruments. Interest income and expenditure at the level of Group are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The segment information provided to the CODM for the reportable segments for each of the years ended and as at 31 December 2013 and 2014 is as follows:

	2014				2013			
	Shaanxi Jiahe RMB'000	**Hami Jiatai RMB'000**	**Hami Jinhua RMB'000**	**Total RMB'000**	Shaanxi Jiahe RMB'000	Hami Jiatai RMB'000	Hami Jinhua RMB'000	Total RMB'000
Year ended 31 December								
Segment revenue								
— Nickel concentrate	**—**	**365**	**2,527**	**2,892**	—	—	—	—
— Copper concentrate	**—**	**—**	**—**	**—**	—	—	1,097	1,097
— Zinc concentrate	**—**	**—**	**—**	**—**	—	—	—	—
— Lead concentrate	**—**	**—**	**—**	**—**	—	—	—	—
— Others	**—**	**—**	**612**	**612**	—	—	—	—
	—	**365**	**3,139**	**3,504**	—	—	1,097	1,097
Segment operating loss	**(1,143)**	**(43,877)**	**(9,010)**	**(54,030)**	(907)	(4,537)	(8,615)	(14,059)
Unallocated operating gains/(losses) (note (a))	**—**	**—**	**—**	**3,254**	—	—	—	(26,163)
Operating loss	**(1,143)**	**(43,877)**	**(9,010)**	**(50,776)**	(907)	(4,537)	(8,615)	(40,222)
Segment finance costs — net	**145**	**22**	**(24)**	**143**	69	129	(11)	187
Unallocated	**—**	**—**	**—**	**12,258**	—	—	—	5,340
Finance costs/(income) — net	**145**	**22**	**(24)**	**12,401**	69	129	(11)	5,527
Income tax credit/(expense)	**—**	**8,303**	**(1,984)**	**6,319**	—	(1,450)	1,093	(357)
Amortisation	**—**	**80**	**163**	**243**	—	80	163	243
Segment depreciation	**2**	**2,423**	**2,638**	**5,063**	1	2,787	2,541	5,329
Unallocated	**—**	**—**	**—**	**6**	—	—	—	1
Depreciation	**2**	**2,423**	**2,638**	**5069**	1	2,787	2,541	5,330
Segment impairment								
— Non-current assets	**—**	**14,000**	**—**	**14,000**	—	—	—	—
— Other receivables	**—**	**23,500**	**1,500**	**25,000**	—	—	—	—
Impairment	**—**	**37,500**	**1,500**	**39,000**	—	—	—	—
As at 31 December								
Segment assets	**90,332**	**83,496**	**167,152**	**340,980**	85,961	116,306	180,299	382,566
Unallocated assets (note (b))	**—**	**—**	**—**	**196,901**	—	—	—	232,100
Total	**90,332**	**83,496**	**167,152**	**537,881**	85,961	116,306	180,299	614,666
Segment liabilities	**35,196**	**25,590**	**21,940**	**82,726**	32,936	29,034	23,086	85,056
Unallocated liabilities (note (c))	**—**	**—**	**—**	**86,990**	—	—	—	97,120
Total	**35,196**	**25,590**	**21,940**	**169,716**	32,936	29,034	23,086	182,176

Notes:

(a) Unallocated operating gains mainly represented fair value gains on derivative financial instruments and administrative and consulting expenses incurred by the Company and Realty Investment for the year ended 31 December 2014 and unallocated operating losses mainly represented administrative and consulting expenses incurred by the Company and Realty Investment and fair value losses on derivative financial instruments for the year ended 31 December 2013.

(b) Unallocated assets as at 31 December 2014 mainly represented by the available for sale financial assets and the bank deposits held by the Company and Realty Investment; unallocated assets as at 31 December 2013 mainly represented by the bank deposits held by the Company and Realty Investment.

(c) Unallocated liabilities as at 31 December 2013 and 2014 mainly represented by convertible bonds and derivative financial instruments held by the Company.

5 EXPENSES BY NATURE

The following items have been charged to the operating loss for the years ended 31 December 2013 and 2014:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Depreciation	**4,412**	4,728
Amortisation	**243**	243
Impairment charge	**14,000**	—
Provision of other receivables	**25,000**	—
Employee benefit expenses	**12,754**	13,113
Raw materials and consumables used	**—**	35
Concentrate purchased	**—**	580
Changes in inventories of semi-finished goods and finished goods	**6,571**	445
(Reversal of)/Provision for impairment of inventories	**(1,538)**	1,538
Electricity consumed	**56**	113
Transportation expenses	**131**	464
Resource compensation fees	**7**	—
Office expenses and operating lease payments	**7,511**	7,989
Consulting fees	**1,400**	2,251
Exploration expenses	**280**	2,145
Auditor's remuneration	**1,181**	1,126
Others	**501**	941
Total cost of sales and administrative expenses	**72,509**	35,711

6 OTHER GAINS/(LOSSES) — NET

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Fair value gains/(losses) on derivative financial instruments	**18,380**	(6,691)
Gains on bargain purchase	**—**	383
Write off of long aging payables	**—**	376
Gains on disposal of property, plant and equipment	**—**	225
Subsidy income	**—**	58
Others	**(151)**	41
	18,229	(5,608)

7 FINANCE COSTS — NET

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Finance income		
— Interest income	**1,155**	1,103
Finance costs		
Exchange gains/(losses) — net	**238**	(5,794)
Interest expense		
— Convertible bonds	**(13,472)**	(432)
— Bank borrowings	**—**	(171)
— Unwinding of discount — provision for close down, restoration and environmental costs	**(322)**	(233)
	(13,556)	(6,630)
Finance costs — net	**(12,401)**	(5,527)

8 INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Current tax	**—**	—
Deferred tax	**(6,319)**	357
Income tax (credit)/expense	**(6,319)**	357

The Company is an exempted company incorporated in the Cayman Islands and, as such, is not liable for taxation in the Cayman Islands on its non-Cayman Islands income.

Right Source and Fortune In are exempted companies incorporated in the BVI and, as such, are not liable for taxation in the BVI on their non-BVI income.

Surplus plan and Realty Investment were subject to Hong Kong profits tax at tax rate of 16.5% for each of the years ended 31 December 2013 and 2014.

Effective from 1 January 2008, the Group's subsidiaries in Mainland China determine and pay the corporate income tax in accordance with the Corporate Income Tax Law of the PRC (the "new CIT Law") as approved by the National Congress on 16 March 2007. Under the new CIT Law the corporate income tax rate applicable to these companies is 25% since 2008.

The applicable tax rate of Huili Runce, Hami Jinhua, Hami Jiatai and Shaanxi Jiahe for each of the years ended 31 December 2013 and 2014 were 25%.

All the Group's subsidiaries in Hong Kong and Mainland China did not have any assessable profit for each of the years ended 31 December 2013 and 2014.

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the domestic tax rates applicable to results of the Group's entities is as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Loss before income tax	**(63,177)**	(45,749)
Tax calculated at domestic tax rates applicable to results in the respective countries	**(14,081)**	(3,268)
Tax effects of:		
— Expenses not deductible for tax purposes	**166**	2,653
— Tax losses for which no deferred income tax asset recognized	**7,596**	972
Income tax (credit)/expense	**(6,319)**	357

9 LOSS PER SHARE

The basic loss per share is calculated by dividing the loss attributable to the equity holders of the Company by weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Loss attributable to equity holders of the Company	**(54,466)**	(45,376)
Adjusted weighted average number of shares in issue (in thousands)	**1,000,000**	1,000,000
Basic and diluted loss per share (RMB)	**(0.054)**	(0.045)

Diluted loss per share was equal to basic loss per share as there was no dilutive potential share outstanding for the each of the years ended 31 December 2013 and 2014.

10 TRADE PAYABLES

The Group

Trade payables are analysed as follows:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
— Third parties	**1,267**	1,821

The ageing analysis of trade payables are as follows:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
0–90 days	**16**	413
91–180 day	**—**	—
181–365 days	**6**	54
Over 365 days	**1,245**	1,354
	1,267	1,821

The carrying amounts of trade payables approximated their fair values. The balances were denominated in RMB.

11 EVENTS AFTER BALANCE SHEET DATE

(a) Possible acquisitions in South Africa

On 12 February 2015, the Company entered into a non-binding memorandum of understanding with Central Rand Gold Limited, a company listed on the London Stock Exchange (stock code: CRND), in relation to a possible acquisition of 74% interests in an operational gold mining company located in South Africa. The memorandum of understanding entitle the right of first purchase to the Group. As such, no binding agreement has been entered into as at the date of this announcement.

(b) Agreement with ACE AXIS Limited and State Right Rui Xi Investment Fund Management Limited

On 26 March 2015, the Company entered into an agreement with ACE AXIS Limited and State Right Rui Xi Investment Fund Management Limited, the General Partner of the Fund. The details are set out on Note 3.1.1 of this results announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

"Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

We draw attention to the Note 3.1.1 of the consolidated financial statements, which states that Group incurred a consolidated net loss of approximately RMB56,858,000 and had a net operating cash outflows of approximately RMB23,552,000 during the year ended 31 December 2014. In addition, it is likely that the Group will be required to redeem its outstanding convertible bonds at HK$124,700,000 on 19 December 2015. These conditions, along with other matters as described in Note 3.1.1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter."

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Company participates in non-ferrous ore mining and processing. The diversified non-ferrous metal minerals covered by the Company's operation include nickel, copper, zinc and lead in Xinjiang and gold in Shaanxi China. The mining and exploration tenements and ore processing plants in Xinjiang are located close to the municipal city of Hami, which is approximately 400 km south east of Urumqi, the capital of Xinjiang Uygur Autonomous Region. Huangjinmei tenement is located 15 km by sealed road from the regional town of Jinchuan, Ningshan County. The town of Jinchuan is located approximately 140 km south of Xi'an City and is connected by the G210 state highway.

The Company's subsidiaries Hami Jinhua Mineral Resource Exploiture Limited ("Hami Jinhua"), Hami Jiatai Mineral Resource Exploiture Limited ("Hami Jiatai") and Shaanxi Jiahe Mining Exploitation Limited ("Shaanxi Jiahe"), in which the Company has 95% interest, own four mining permits and four exploration permits in Xinjiang and Shaanxi. In 2014, the prices of gold, copper and lead dropped further and stayed at relative low levels, compared to in 2013; the nickel and zinc prices recovered a lot in the first half of 2014. The Company is gauging the fundamental dynamics, expediting the mine engineering, facility upgrading and applying for approvals related to production initiation or relaunch.

Mines under Operation

Hami Jinhua and Hami Jiatai hold three Mining Permits, namely No. 2 Mine, No. 20 Mine and Baiganhu Mine. (i) No. 20 Mine produces copper and nickel ore. Further exploration and study of the deep ore deposit on the west of Shaft 6 are being considered based on the additional exploration in 2012. To meet new requirements of safety production, No. 20 Mine is to upgrade its lifting system before the production relaunch. (ii) Baiganhu Mine produces lead and zinc ore. Further exploration and study of ore bodies are being considered based on the additional exploration in 2012 and 2013. It is setting up the underground production systems and facilities for safety production before the production initiation. (iii) Since January 2011, the production of No. 2 Mine has been suspended as a result of the implementation of the Consolidation Program in Hami. Hami Jiatai is working closely with the Hami Municipal Bureau of Land and Resources to reach a fair and reasonable compensation plan; to date related parties still have not worked out a compensation plan.

Shaanxi Jiahe holds a Mining Permit, namely Huangjinmei Mine which produces gold ore. Further exploration is being considered at Level 960 based on the exploration of Orebody 1-1 at Level 1010 and above in 2013. Shaanxi Jiahe expedited the application for approvals related to mine engineering, infrastructure and construction of ore processing plant; and the production initiation is expected in the near future.

Exploration Permits

Hami Jiatai holds four exploration permits in Xinjiang namely Baiganhu Gold, H-989, Heishan and Huangshan, with minerals covering gold, nickel, copper, lead and zinc. In 2014, Hami Jiatai had already renewed the exploration permits of Baiganhu Gold, H-989 and Heishan. Preliminary exploration and/or drilling plans for such tenements is being considered. Hami Jiatai had conducted some exploration at Banganhu Gold tenement, and identified the preliminary mineralization band and the ore deposit. Previous exploration permits of Hongshanpo, Xidagou and Yinoxia expired in 2014, and the Company decided to give up due to no further findings in those tenements.

Ore Processing Plants

Hami Jiatai operates a copper-nickel ore processing plant ("Jiatai Processing Plant") and Hami Jinhua owns a lead-zinc ore processing plant ("Jinhua Processing Plant"). Both plants are used to treat ore extracted from the deposits, and adopt a non-conventional flotation circuit. The throughput capacity of both plants is 1,500 tpd. Nickel, copper, lead and zinc concentrates are separated and recovered from bulk concentrate for sell. During 2014, Hami Jiatai sold 125 tons of nickel concentrate inventory, and Hami Jinhua sold 803.7 tons of nickel concentrate and 3,252 tons of lead-zinc ore produced in mine engineering.

RESULTS REVIEW

Revenue and gross loss

For the year ended 31 December 2014, the Group sold nickel concentrate and lead and zinc ore and recorded revenue of RMB3.5 million. In 2013, the Group sold copper concentrates purchased from a third party and recorded revenue of RMB1.1 million.

Cost of sales of RMB25 million (2013: RMB9 million) represented mainly impairment charges, depreciation charges, staff cost of the mines under operation and cost of inventories sold. Gross loss for the year amounted to RMB21.5 million (2013: RMB7.9 million). The significant increase was mainly due to impairment charge on certain mining rights and fixed assets of approximately RMB14 million. There was no such impairment charge recognised in 2013.

In view of continuous depression in the copper and nickel product market during these years, commencement of Hami Jiatai's operations has been postponed since 2009. During the year, there was a collapse in the mining area that Hami Jiatai operates and significant improvement in mining structure and equipment would be necessary for restart of operation. The Company has engaged an independent valuer to carry out a review of the recoverable amount of its mining rights, land use rights and properties, plants and equipment.

The recoverable amount is determined based on the value-in-use calculation using cash flow projections, based on financial budgets approved by management covering a five year period and management's assumptions and estimates including forecast of selling price of nickel, copper, discount rates, time to restart production and inflation rate on the cash generating unit for the segment of Hami Jiatai. The discount rate used in measuring value-in-use was 18.9%, which is pre-tax and reflects the specific risk relating to the business. The price of nickel/copper used is derived from the forecast of Bloomberg. The production is expected to restart in 2017. And 3% is adopted as inflation rate. Based on the above review, impairment losses on mining structure and mining rights of Hami Jiatai of approximately RMB3.1 million and approximately RMB10.9 million respectively were recognised in the income statement for the year ended 31 December 2014.

Administrative expenses

Administrative expenses for the year amounted to RMB47.5 million (2013: RMB26.7 million). They included mainly depreciation charges, consulting fees, staff costs, office overheads, and provision for other receivables of approximately RMB25 million for the year ended 31 December 2014. There was no such provision recognised in 2013.

Provision for other receivables represented mainly the non-interest-bearing earnest money paid to Shaanxi Jiatai Hengrun (the "Vendor") in relation to the Shaanxi Jiarun Acquisition Agreement which lapsed on 30 September 2013, details of which have been disclosed in the Company's announcement on the same date. As at the date of this announcement, the Vendor has not yet returned the earnest money in spite of the Company's considerable effort to procure its refund since the acquisition lapsed. Considering that (i) the aging of the receivable is more than one year; and (ii) the Vendor is believed to be in financial distress, return of the earnest money remained doubtful and therefore provision was made as at 31 December 2014.

Other gains/(losses) — net

Other gains for the year mainly represented mainly fair value gains of RMB18.4 million on the convertible bonds (2013: losses of approximately RMB6.7 million).

Finance costs — net

The Group recorded interest expense of approximately RMB13.5 million on convertible bonds (2013: RMB0.4 million) and interest income of RMB1.2 million (2013: RMB1.1 million). The Group also recognised foreign exchange gains of RMB0.2 million (2013: losses of RMB5.8 million).

Income tax credit/(expense)

Income tax credit for the year was RMB6.3 million (2013: expense of RMB0.4 million), representing deferred taxation arising from impairment, depreciation and provisions.

Loss attributable to the equity holders of the Company

Loss attributable to equity holders of the Company for the year was RMB54.5 million which was primarily the result of impairment charges on certain assets and provision for other receivable aggregating approximately RMB39 million setting off against fair value gains of RMB18.4 million as mentioned above, as compared to a loss of RMB45.4 million in the corresponding period in 2013.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Investment in a mining related fund

On 12 September 2013, the Company entered into a non-binding framework agreement in relation to investment in a mining related fund. Subsequently, on 29 January 2014, the Company entered into the subscription agreement and acceded to the Limited Partnership Agreement, pursuant to which the Company agreed to subscribe for Class B Limited Partnership Interests with a total capital commitment of not more than US$18 million (equivalent to HK$139.5 million) in CRRI State Right Investment Fund L.P. ("the Fund") which is a limited partnership focusing on mining and natural resources industries established and registered under the laws of Cayman Islands. The Company had paid HK$139,500,000 (equivalent to RMB109,768,000) to the Fund as at the date of this announcement.

During the year of 2014, with the extensive industry background of its management team, the Fund has been actively looking for investment opportunities in mining and natural resources projects around the world. As of the date of this announcement, certain potential projects have been shortlisted and due diligence works have been on course. The Company considers that the Fund is in a strong position to develop an attractive investment portfolio in mining-related assets. Further details of the investment have been disclosed in the Company's announcements dated 13 September 2013 and 29 January 2014.

Possible acquisitions in the Republic of Ghana

On 20 March 2013, the Company, Geo-Tech and Mr. Wei Xing have entered into a framework agreement in relation to the possible acquisitions of gold mines and mining processing plants in the Republic of Ghana. Pursuant to the agreement, the Company paid an earnest money of RMB10,000,000 (equivalent to HK$12,500,000) to Mr. Wei Xing in consideration of the grant of the exclusive negotiation right for 12 months with 90 days extended subsequently. On 27 January 2014, the Company, Geo-Tech and Mr. Wei Xing have entered into a supplementary agreement pursuant to which the Company paid a further earnest money of HK$20,000,000 (equivalent to RMB15,621,000) to Mr. Wei Xing. On 30 June 2014, the Company, Geo-Tech and Mr Wei Xing had entered into another supplementary agreement pursuant to which the exclusive negotiation right was extended to 31 December 2014.

During the year of 2014, the Company has devoted considerable amount of effort including but not limited to sending a team of internal expertise to the Republic of Ghana to carry out legal and technical due diligence of the gold mining assets. However, the results of the due diligence have not been satisfactory which, combined with the threat of the widespread of Ebola virus across Africa, the Company decided to give up the possible acquisitions and the framework agreement together with its supplementary agreement lapsed on 31 December 2014.

Save as disclosed above, there were no other significant investments, material acquisitions and disposals during the year.

UPDATE ON USE OF PROCEEDS

The Company issued 250,000,000 ordinary new shares of HK$0.1 each at a subscription price of HK$1.7 per share pursuant to a public offering and a listing of such shares on the main board of Hong Kong Stock Exchange Limited on 12 January 2012. Net proceeds received by the Company amounted to approximately HK$400 million. As stated in the section headed "Future Plans and Use of Proceeds — Use of Proceeds" of the Prospectus, approximately HK$152 million was intended to be used to finance the planned capital expenditure on Project No. 20, Project Baiganhu and Project H-989, approximately HK$9 million to finance the technical modification on the tailings storage facilities of Hami Jinhua Concentrator, and approximately HK$16 million to finance the planned capital expenditure on exploration activities. On 26 March 2013, the Company announced that it has strategically adjusted the schedules of its mining and exploration activities in Hami in view of the market condition. As a result, the Company intended to reduce (i) the planned capital expenditure on Project No. 20, Project Baiganhu and Project H-989 by HK$42 million; (ii) the expenditure on technical modification on the tailings storage facilities of Hami Jinhua Concentrator by HK$9 million; and (iii) the planned capital expenditure on exploration activities by HK$9 million. The part of proceeds subject to the aforementioned change, which amounts to HK$60 million in aggregate or approximately 15% of the said total net proceeds, has been and will be applied, in part, to fund the earnest money in relation to the possible acquisitions in the Republic of Ghana as stated above, and, as to the balance, to finance the Company's working capital and future potential acquisitions if and when suitable opportunities arise.

As a result of lapse of the acquisition of Shaanxi Jiarun in September 2013, the Company applied the said part of the net proceeds initially allocated for such acquisition (i.e. HK$119 million or approximately 30% of the said total net proceed) to fund the Company's working capital and future potential investments including subscription of the Fund as stated above.

All unused net proceeds were and are placed in short term deposits with licensed banks in Hong Kong.

NON-COMPETITION UNDERTAKING

According to the listing prospectus dated 29 December 2011 (the "Prospectus") of the Company, each of the Controlling Shareholders of the Company, namely Mr. Lu and Mr. Wang, has under the Non-Competition Agreement undertaken not to compete with the Company in its core business. Each of Mr. Lu and Mr. Wang has also undertaken to provide an annual confirmation to the Company confirming that he and his associates have not breached the terms of the non-competition undertaking and to provide all information necessary for the annual review by the independent non-executive Directors for the enforcement of the non-competition deed. Details of the undertaking have been disclosed in the "Relationship With Our Controlling Shareholders" section in the Prospectus.

Each of Mr. Lu and Mr. Wang has provided the annual confirmation to the Company confirming that he and his associates have not breached the terms of the non-competition undertaking for the year ended 31 December 2014. The independent non-executive Directors have also enquired of Mr. Lu and Mr. Wang in the board meeting on 27 March 2015 for the purpose of considering and approving the annual results announcement for the year ended 31 December 2014.

LIQUIDITY AND FINANCIAL REVIEW

The Group financed its day to day operations by internally generated cash flow during the year. Primary uses of funds during the year included payment of operating expenses, purchase of property, plant and equipment and payment for subscription for Fund and earnest money for possible acquisitions.

As at 31 December 2014, current assets of RMB130.8 million were comprised of inventories of RMB6.3 million, other receivables and prepayments of RMB51.6 million and cash and cash equivalents of RMB72.9 million. Current liabilities of RMB120 million were mainly comprised of trade payables of RMB1.3 million, other payables and accruals of RMB33.2 million, income tax payable of RMB0.3 million, convertible bonds of RMB84.5 million and derivative component of the convertible bonds of RMB0.7 million. Current ratios, being total current assets to total current liabilities, were 1.1 as at 31 December 2014 (2013: 5.3).

As at 31 December 2014, there was no outstanding interest-bearing bank loan (2013: Nil). As at 31 December 2014, the carrying amount of the liability component of the Company's convertible bonds, which have a 2-year term from 19 December 2013 and bear interest at 2% per annum payable semiannually, was approximately RMB84.5 million (2013: RMB72.5 million). No conversion or redemption of the convertible bonds took place during the year.

The Group conducted its continuing operational business transactions mainly in Renminbi, Hong Kong dollars and US dollars. The Group did not arrange any forward currency contracts for hedging purposes.

GEARING RATIO

Gearing ratio of the Group is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents. Total capital is calculated as total equity plus net debt. As at 31 December 2014, the gearing ratio was 3.08%. As at 31 December 2013, the Group's total cash and cash equivalents exceeded the Group's total borrowings and the gearing ratio was therefore not applicable.

CHARGES ON COMPANY'S ASSETS, COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2014, the Group had capital commitments for property, plant and equipments of approximately RMB146.6 million (2013: RMB199.4 million).

As at 31 December 2014, the future aggregate minimum lease payments under non-cancellable operating leases of various offices was approximately RMB3.8 million (2013: RMB1.7 million).

There were no other charges on the Company's assets as at 31 December 2014 (2013: Nil).

The Group may be subject to new environmental laws and regulations that may impose contingencies upon the Group in the future. The Group may also be subject to the effect of under-insurance on future accidents incurred by the employees. Such (i) new environmental laws and regulations; and (ii) under insurance on the employees may impose significant costs and liabilities on the Group.

HUMAN RESOURCES AND SHARE OPTION SCHEME

As at 31 December 2014, the Group employed 84 employees. The total staff costs for the year were approximately RMB12.8 million (2013: RMB13.1 million). The salaries of employees largely depend on their job nature, performance and length of service with the Group. The directors' remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities and performance of the Group. Discretionary bonuses are also available to the Group's employees depending on the overall performance of the Group.

In addition to the basic remuneration, the Group also provides employees with employees benefits, including pension, medical scheme and other applicable social insurance as required by the applicable laws and regulations. Apart from regular on-job training, the Group provides training to new employees including an introduction to relevant regulations and general safety awareness and a workshop specific training to the work area and the role of individual within the workshop. Directors and employees, among others, are entitled to participate in the share option scheme at the discretion of the board. No share option was outstanding as at 31 December 2014.

FUTURE OUTLOOK

The strong demand for basic metals in China slowed down in recent years. Such status evolved further in 2014. The producers postponed their production activities in order to survive during downturns. Though uncertainty and the structural factors remain with global economy, the Company believes the fundamental demand for basic metals is still solid. The recovery of nickel and zinc prices in the first half of 2014 reflected the fact that shrinking supply of some basic metals outweighed the slowdown of demand.

The Company is to schedule more exploration and study of current mines and tenements in order to extend the mine service lives, thus enriching the resources base and increasing the value of the assets. The recovering of some basic metals provides good timing to acquire more natural resources, leveraging the Company's competitive advantages of geologic and exploration expertise, ore extracting and processing experience, industrial network with professionals and advisors, and fundraising access. The Company will continue to invest in its existing mining and exploration projects, as well as to look for potential acquisition targets.

On 12 February 2015, the Company entered into a non-binding memorandum of understanding (the "MOU") with Central Rand Gold Limited ("CRG"), a company listed on the London Stock Exchange (stock code: CRND), in relation to a possible acquisition (the "Possible Acquisition") of 74% interests in an operational gold mining company located in South Africa. According to the information provided by CRG, the gold mining company holds a range of prospective gold assets located in world-renowned South African gold mining regions. It owns six exploitable mines with total area of 211 square kilometers and length of ores vein of 40 kilometers. Its gold resources and reserves are more than 1000 tonnes. CRG agreed under the MOU that the Company will entitle to the right of first purchase for a period of four months after signing of the MOU. Details of the Possible Acquisition have been disclosed in the Company's announcement dated 12 February 2015.

Furthermore, to address the going concern issue, the Company has considered and will adopt various measures which include but not limited to: (i) maintain its prolonged strategic relationship with ACE AXIS, who has committed to provide long-term financial and technical support to the Company; (ii) obtain external financing from banks, financial investors and/or other strategic investors; (iii) maximize operational cash flow generating from the Group's exisiting mine operation as well as assets from new acquisitions; and (iv) procure the recovering of the outstanding receivables from outside parties. It is believed that with the above measures in-place, the Group's financial situation will gradually improve towards end of the year.

DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year of 2014.

PURCHASE, REDEMPTION OR SALE OF SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year of 2014.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance and has taken appropriate steps to adopt and comply with the provisions of its Code on Corporate Governance Practices (the "Code") which adopted practices that meet the requirements set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited (the "Listing Rules") during the year, with the following exception:

Under provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. All independent non-executive directors of the Company are not appointed for a specific term but all of them are subject to retirement by rotation in accordance with the Articles of Association of the Company. The Board considers that sufficient measures were taken to ensure the corporate governance practices of the Company are not less than those in the Code.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for directors' securities transactions. Having made specific enquiry of all directors, all directors of the Company have complied with required standard set out in the Model Code throughout the year ended 31 December 2014.

AUDIT COMMITTEE

The audit committee under the Board of the Company was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company. The audit committee has reviewed the annual results for the year ended 31 December 2014.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2014 will be published on the websites of the Company (http://www.huili.hk) and The Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) and despatched to the shareholders in due course.

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

Hong Kong, 27 March 2015

As at the date of this announcement, the executive Directors are Mr. Wang Dayong, Mr. Wang Feng, Mr. Lu Qi, Mr. Zhao Guangsheng, Mr. Wu Guangsheng, Mr. Zhao Bochen, Mr. Ma Boping and Mr. Sun Zhong, and the independent non-executive Directors are Mr. Cao Shiping, Mr. Cao Kuangyu, Mr. Zhou Mei-Fu and Mr. Song Shaohuan.