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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board of directors (the "Board") of Huili Resources (Group) Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2013, together with comparative figures for the corresponding period in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
	Note	**2013** *RMB'000* **(unaudited)**	2012 *RMB'000* (unaudited)
Revenue		**—**	—
Cost of sales	*8*	**(3,496)**	(5,120)
Gross loss		**(3,496)**	(5,120)
Administrative expenses	*8*	**(11,214)**	(6,074)
Gains on bargain purchase	*7*	**383**	—
Other gains — net	*9*	**1,352**	17,658
Operating (loss)/profit		**(12,975)**	6,464
Finance income		**487**	944
Finance costs		**(4,324)**	(1,593)
Finance costs — net	*10*	**(3,837)**	(649)

	Note	For the six months ended 30 June 2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
(Loss)/Profit before income tax		**(16,812)**	5,815
Income tax credit	*11*	**1,276**	654
(Loss)/Profit for the period		**(15,536)**	6,469
Other comprehensive income		**—**	—
Total comprehensive (loss)/income		**(15,536)**	6,469
(Loss)/Profit/Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(15,295)**	7,730
Non-controlling interests		**(241)**	(1,261)
		(15,536)	6,469
(Loss)/Earnings per share attributable to the equity holders of the Company (expressed in RMB per share)			
— Basic and diluted	*12*	**(0.015)**	0.008
Dividend		**—**	—

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*13*	**101,315**	87,569
Mining rights and exploration rights	*14*	**188,245**	129,711
Land use rights	*15*	**9,950**	10,071
Deferred tax assets		**8,857**	7,608
Prepayment for investments	*16*	**23,500**	33,000
Other non-current assets		**1,950**	1,950
Total non-current assets		**333,817**	269,909
Current assets			
Trade receivables		**—**	15,253
Inventories		**11,978**	11,537
Other receivables and prepayments	*17*	**18,313**	16,965
Cash and cash equivalents	*18*	**185,550**	226,479
Restricted cash at banks	*18*	**—**	31,169
Total current assets		**215,841**	301,403
Total assets		**549,658**	571,312
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		**(12,168)**	(12,168)
Accumulated losses		**(35,126)**	(19,831)
		456,007	471,302
Non-controlling interests		**7,053**	7,294
Total equity		**463,060**	478,596

	Note	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
LIABILITIES			
Non-current liabilities			
Provision for close down, restoration and environmental costs		**2,575**	2,495
Deferred tax liabilities	*19*	**49,035**	34,740
Total non-current liabilities		**51,610**	37,235
Current liabilities			
Trade payables	*20*	**2,264**	1,963
Other payables and accruals	*21*	**32,458**	21,947
Short-term borrowings	*22*	**—**	31,305
Income tax payable		**266**	266
Total current liabilities		**34,988**	55,481
Total liabilities		**86,598**	92,716
Total equity and liabilities		**549,658**	571,312
Net current assets		**180,853**	245,922
Total assets less current liabilities		**514,670**	515,831

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six months ended 30 June 2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Cash flows from operating activities			
Cash generated from/(used in) operations		**1,904**	(27,853)
Net cash generated from/(used in) operating activities		**1,904**	(27,853)
Cash flows from investing activities			
Prepayment of investments	*16*	**—**	(3,000)
Acquisition of a subsidiary, net of cash acquired	*7*	**(35,207)**	—
Purchase of property, plant and equipment	*13*	**(5,088)**	(11,602)
Interest received	*10*	**487**	944
Decrease/(Increase) in restricted cash at banks	*18*	**31,169**	(31,475)
Net cash used in investing activities		**(8,639)**	(45,133)
Cash flows from financing activities			
Issue of new shares		**—**	328,026
(Repayment of)/Proceeds from bank borrowings	*22*	**(31,305)**	31,475
Interest paid	*10*	**(172)**	(38)
Payment of pre-acquisition dividend		**—**	(63,000)
Net cash (used in)/generated from financing activities		**(31,477)**	296,463
Net (decrease)/increase in cash and cash equivalents		**(38,212)**	223,477
Cash and cash equivalents at beginning of period		**226,479**	40,973
Exchange differences on cash and cash equivalents		**(2,717)**	504
Cash and cash equivalents at end of period		**185,550**	264,954

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2013

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. The address of its registered office is Cricket Square, Hutching Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. 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 condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 23 August 2013.

These condensed consolidated interim financial statements have not been audited.

The operational highlight of the period was the acquisition of Shaanxi Jiahe Mineral Resources Development Co. Ltd. ("Shaanxi Jiahe").

2 BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 30 June 2013 have been prepared in accordance with HKAS 34, "Interim financial reporting". The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

The following new standards and amendments are mandatory for accounting periods beginning on or after 1 January 2013 but are not relevant to the Group's operations:

- HKAS 1 (Amendment) "Presentation of financial statements"

  The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

- HKFRS 10 “Consolidated financial statements”

  The objective of IFRS/HKFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. Defines the principle of control, and establishes controls as the basis for consolidation. Set out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

- HKAS 27 (revised 2011) “Separate financial statements” includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10.

- HKFRS 11 “Joint arrangements” is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- HKAS 28 (revised 2011) “Associates and joint ventures” includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11.

- HKFRS 12 “Disclosure of interests in other entities” includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- HKFRS 13 “Fair value measurements” aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs or US GAAP.

- HKAS 19 (Amendment) “Employee benefits” eliminate the corridor approach and calculate finance costs on a net funding basis.

- HKFRS 1 (Amendment) “Government loans” require that a first-time adopter shall classify all government loans received as a financial liability or an equity instrument in accordance with HKAS 32 Financial Instruments: Presentation.

- HKFRS 7 (Amendment) “Financial instruments: Disclosures — Offsetting financial assets and financial liabilities” require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

- HK(IFRIC)-Int 20 “Stripping costs in the production phase of a surface mine” sets out the accounting for overburden waste removal (stripping) costs that are incurred in surface mining activity during the production phase of a mine. The interpretation may require mining entities reporting under HKFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body.

The following new standards and amendments to standards have been issued but are not effective for the period beginning on 1 January 2013 and have not been early adopted:

- HKAS 32 (Amendment) "Financial instruments: Presentation — Offsetting financial assets and financial liabilities" clarify the requirements for offsetting financial instruments on the statement of financial position:

  (i) the meaning of currently has a legally enforceable right of set-off; and

  (ii) that some gross settlement systems may be considered equivalents to net settlement.

- HKFRS 10, HKFRS 12 and HKAS/HKFRS 27 (revised 2011) "Investment entities" provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

- HKAS 36 Recoverable amount disclosures for non-financial assets

  The HKICPA made consequential amendments to the disclosure requirements of HKAS when it issued HKFRS 13. One of the amendments was drafted more widely than intended. The unintended result requires to disclose the recoverable amount for each CGU with significant amount of goodwill or intangible assets with indefinite useful lives no matter whether there has been impairment. HKICPA has published limited amendments to remove such requirement for CGU without impairment and introduces additional disclosures about fair value measurements when there has been impairment or a reversal of impairment.

- HK(IFRIC) Interpretation 21 "Levies" clarifies the accounting for levies in the financial statements of the entity that is paying the levy.

- HKFRS 9 "Financial Instruments" is the first standard issued as part of a wider project to replace HKAS 39. HKFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in HKAS 39 on impairment of financial assets and hedge accounting continues to apply.

- HKFRS 7 and HKFRS 9 (Amendments) "Mandatory effective date and transition disclosures" delay the effective date to annual periods beginning on or after 1 January 2015, and also modify the relief from restating prior periods. As part of this relief, additional disclosures on transition from HKAS 39 to HKFRS 9 are required.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

4 ESTIMATES

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, commodity price risk, interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

There have been no changes in the risk management department since year end or in any risk management policies since the year end.

5.2 Liquidity risk

Compared to year end, there was no other material change in the contractual undiscounted cash out flows for financial liabilities with the exception of repayment of the bank borrowings of US$4,950,000 in May 2013.

5.3 Fair value estimation

As at 30 June 2013 and 31 December 2012, the carrying amounts of receivables and payables are reasonable approximation of their fair values due to their short-term maturities.

6 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 (i.e. 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 the six months ended 30 June 2013 and 2012, the Group had three and two (note a and b) reportable segments respectively:

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

(b) Hami Jinhua Mineral Resources Exploiture Limited ("Hami Jinhua") which held a lead/zinc mine and was mainly engaged in the mining, ore processing and sales of lead and zinc products.

(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 a reportable 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. This measurement basis excludes the operating results of other insignificant activities of the Group.

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2013 and 2012 is as follows:

	For the six months ended 30 June 2013		**For the period from 28 March 2013 to 30 June 2013**		For the six months ended 30 June 2012		
	Hami Jiatai	**Hami Jinhua**	**Shaanxi Jiahe**	**Total**	Hami Jiatai	Hami Jinhua	Total
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
		(unaudited)				(unaudited)	
Segment operating loss	**(2,149)**	**(4,114)**	**228**	**(6,035)**	(15,392)	(3,934)	(19,326)
Unallocated operating (loss)/ gains *(note (a))*	**—**	**—**	**—**	**(6,940)**	—	—	25,790
Operating (loss)/profit	**(2,149)**	**(4,114)**	**228**	**(12,975)**	(15,392)	(3,934)	6,464
Segment finance costs — net	**(63)**	**(4)**	**—**	**(67)**	(1,820)	21	(1,799)
Unallocated	**—**	**—**	**—**	**(3,770)**	—	—	1,150
Finance costs — net	**(63)**	**(4)**	**—**	**(3,837)**	(1,820)	21	(649)
Income tax credit	**397**	**879**	**—**	**1,276**	9	645	654
Amortisation	**40**	**81**	**—**	**121**	39	76	115
Depreciation	**1,458**	**1,258**	**—**	**2,716**	1,728	980	2,708

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follow:

	As at 30 June 2013				As at 31 December 2012		
	Hami Jiatai	**Hami Jinhua**	**Shaanxi Jiahe**	**Total**	Hami Jiatai	Hami Jinhua	Total
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
		(unaudited)				(audited)	
Segment assets	**112,675**	**191,329**	**73,087**	**377,091**	126,895	174,099	300,994
Unallocated assets *(note (b))*	**—**	**—**	**—**	**172,567**	—	—	270,318
Total	**112,675**	**191,329**	**73,087**	**549,658**	126,895	174,099	571,312
Segment liabilities	**33,319**	**27,286**	**22,704**	**83,309**	22,517	31,762	54,279
Unallocated liabilities	**—**	**—**	**—**	**3,289**	—	—	38,437
Total	**33,319**	**27,286**	**22,704**	**86,598**	22,517	31,762	92,716

Notes:

(a) Unallocated operating gains for the six months ended 30 June 2012 mainly arose from gains on early settlement of dividend payable to previous equity holders of Hami Jiatai, and the unallocated operating loss for the six months ended 30 June 2013 mainly arose from finance and other administrative expenses incurred by investment holding companies.

(b) Unallocated assets as at 30 June 2013 and 31 December 2012 mainly represented the bank deposits held by the Company.

7 BUSINESS COMBINATION

On 28 March 2013, Hami Jiatai acquired 100% equity interests in Shaanxi Jiahe. As a result of the acquisition, the Group has entered into mining business of gold.

The following table summarises the consideration paid for Shaanxi Jiahe, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	RMB'000
Purchase consideration	
— Cash paid up to 30 June 2013	45,500
— Remaining amounts payable to previous equity holders	4,500
Total purchase consideration	50,000

Recognised amounts of identifiable assets acquired and liabilities assumed

	Provisional fair value *RMB'000*
Cash and cash equivalents	793
Construction in progress	11,262
Mining rights and exploration rights	58,534
Inventories	96
Trade and other receivables	2,402
Other payables and accruals	(8,382)
Deferred tax liabilities	(14,322)
Total identifiable net assets	50,383
Gains on bargain purchase	(383)
Total purchase consideration	50,000
Cash consideration paid in total	45,500
Less:	
Cash consideration prepaid before 2013 *(note 16)*	(9,500)
Cash and cash equivalents in subsidiary acquired	(793)
Cash outflow on acquisition in 2013	35,207

Management of the Group is of the opinion that the acquiree's identifiable net assets were properly measured at fair value as at the acquisition date and the gains on bargain purchase mainly arose from that the former equity holders of the acquiree accepted a bargain consideration. This is because the former equity holders of the acquiree did not want to invest further capital expenditure in mining the mineral reserves but to cash in the investment through sale of business.

8 EXPENSES BY NATURE

The following items have been charged to the operating (loss)/profit for the six months ended 30 June 2013 and 2012:

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation	**2,716**	2,708
Amortisation	**121**	115
Employee benefit expenses	**4,634**	4,388
Exploration expenses	**470**	—
Raw materials and consumables used	**—**	132
Electricity consumed	**71**	88
Travel fare	**900**	265
Resource compensation fees	**—**	45
Sales tax levies	**—**	32
Office expenses and operating lease payments	**2,692**	1,803
Consulting fees	**2,923**	1,405
Others	**183**	213
Total of cost of sales and administrative expenses	**14,710**	11,194

9 OTHER GAINS — NET

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Gains on the early settlement of dividend payable to previous equity holders of Hami Jiatai	**—**	17,680
Others	**1,352**	(22)
	1,352	17,658

10 FINANCE COSTS — NET

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Finance income		
— Interest income from bank deposits	**(487)**	(944)
Finance costs		
— Foreign exchange losses/(gains)	**4,072**	(293)
— Interest cost	**172**	38
— Unwinding of discount — provision for close down, restoration and environmental costs	**80**	78
— Unwinding of discount — pre-acquisition dividend payable	**—**	1,770
	4,324	1,593
Finance costs — net	**3,837**	649

11 INCOME TAX CREDIT

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax	**—**	—
Deferred tax	**(1,276)**	(654)
Income tax credit	**(1,276)**	(654)

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.

Realty Investment (Group) Limited was subject to Hong Kong profits tax at the tax rate of 16.5% but did not have any assessable profit for the six months ended 30 June 2013 and 2012.

The applicable tax rate of Hami Jiatai and Hami Jinhua for the six months ended 30 June 2013 and 2012, and the applicable tax rate of Shaanxi Jiahe for the period from 28 March 2013 to 30 June 2013, was 25%.

12 (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to the equity holders of the Company by weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Loss)/Profit attributable to equity holders of the Company	**(15,295)**	7,730
Adjusted weighted average number of shares in issue (in thousands)	**1,000,000**	984,890
Basic and diluted (loss)/earnings per share (RMB)	**(0.015)**	0.008

Diluted (loss)/earnings per share equals to basic (loss)/earnings per share as there was no dilutive potential share outstanding for the six months ended 30 June 2013 and 2012.

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and equipment	Office equipment and others	Motor vehicles	Mining structures	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the six months ended 30 June 2013 (unaudited)							
Opening net book amount	**26,534**	**17,259**	**15**	**224**	**13,335**	**30,202**	**87,569**
Acquisition of a subsidiary *(Note 7)*	**—**	**—**	**—**	**—**	**—**	**11,262**	**11,262**
Other additions	**470**	**—**	**7**	**—**	**—**	**4,723**	**5,200**
Depreciation *(Note 8)*	**(897)**	**(1,751)**	**(15)**	**—**	**(53)**	**—**	**(2,716)**
Closing net book amount	**26,107**	**15,508**	**7**	**224**	**13,282**	**46,187**	**101,315**
At 30 June 2013							
Cost	**35,281**	**32,502**	**471**	**6,969**	**14,393**	**46,187**	**135,803**
Accumulated depreciation	**(9,174)**	**(16,994)**	**(464)**	**(6,745)**	**(1,111)**	**—**	**(34,488)**
Net book amount	**26,107**	**15,508**	**7**	**224**	**13,282**	**46,187**	**101,315**
For the six months ended 30 June 2012 (unaudited)							
Opening net book amount	27,465	14,869	25	431	13,441	7,923	64,154
Additions	62	8,785	39	—	—	2,716	11,602
Depreciation *(Note 8)*	(881)	(1,562)	(27)	(185)	(53)	—	(2,708)
Closing net book amount	26,646	22,092	37	246	13,388	10,639	73,048
At 30 June 2012							
Cost	34,055	35,715	451	7,199	14,393	10,639	102,452
Accumulated depreciation	(7,409)	(13,623)	(414)	(6,953)	(1,005)	—	(29,404)
Net book amount	26,646	22,092	37	246	13,388	10,639	73,048

Depreciation of property, plant and equipment has been charged to cost of sales and administrative expenses as follows:

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of sales	**2,701**	2,489
Administrative expenses	**15**	219
	2,716	2,708

14 MINING RIGHTS AND EXPLORATION RIGHTS

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Opening net book amount	**129,711**	129,711
Acquisition of a subsidiary *(Note 7)*	**58,534**	—
Amortisation charge	**—**	—
Closing net book amount	**188,245**	129,711
At 30 June		
Cost	**192,057**	133,523
Accumulated amortisation	**(3,812)**	(3,812)
Net book amount	**188,245**	129,711

15 LAND USE RIGHTS

	For six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Opening net book amount	**10,071**	10,314
Amortisation charge	**(121)**	(115)
Closing net book amount	**9,950**	10,199
At 30 June		
Cost	**11,135**	11,135
Accumulated amortisation	**(1,185)**	(936)
Net book amount	**9,950**	10,199

16 PREPAYMENT FOR INVESTMENTS

	As at 30 June 2013 *RMB'000* (unaudited)	As at 31 December 2012 *RMB'000* (audited)
Prepayment for potential acquisition of subsidiaries	**23,500**	33,000

On 28 May 2010, the Group entered into equity transfer agreements with Shaanxi Jiatai Hengrun Resources Development Co. Ltd. ("Shaanxi Jiatai") to acquire 100% equity interests of Shaanxi Jiarun Mineral Resources Development Co., Ltd. ("Shaanxi Jiarun") and Shaanxi Jiahe Mineral Resources Development Co., Ltd. ("Shaanxi Jiahe") with a cash consideration of RMB160,000,000 and RMB50,000,000 respectively. According to the equity transfer agreements, the Group paid cash of RMB13,500,000 and RMB4,500,000 to Shaanxi Jiatai as down payment for acquisition of Shaanxi Jiarun and Shaanxi Jiahe respectively in July, 2010, and the remaining consideration will be paid within a period of five years subsequent to the closing of the deals.

Shaanxi Jiarun is the holder of an exploration right of vanadium-copper mine in Shaanxi province. Shaanxi Jiahe is the holder of an exploration right of gold mine in Shaanxi province. The closing of the deals is subject to the conditions that the acquiree will complete all necessary legal procedures to convert the exploration rights into mining rights.

On 30 June 2011, the Group, Shaanxi Jiatai and Shaanxi Jiarun entered into a supplementary agreement pursuant to which the Group further prepaid a down payment of RMB10,000,000 to Shaanxi Jiatai on the same day in respect of the acquisition of Shaanxi Jiarun, and other conditions of the deal remain unchanged.

On 20 July 2011, pursuant to the agreement dated 28 May 2010, the Group further paid a down payment of RMB2,000,000 to Shaanxi Jiatai for the acquisition of Shaanxi Jiahe.

On 29 September 2011, the Group and Shaanxi Jiatai entered into supplementary agreements with each of Shaanxi Jiarun and Shaanxi Jiahe. Pursuant to this supplementary agreement, subject to the completion of the deals, the first instalment of remaining considerations will be paid within three months after the date of Listing or on 31 March 2013, whichever is earlier.

On 30 April 2012, the Group, Shaanxi Jiatai and Shaanxi Jiahe entered into another supplemental agreement. Pursuant to the supplementary agreement, the Group further paid a down payment of RMB3,000,000 to Shaanxi Jiatai for the acquisition of Shaanxi Jiahe.

The acquisition of Shaanxi Jiahe was completed on 28 March 2013 (note 7), and consideration of RMB36,000,000 was paid subsequent to completion of the acquisition, with remaining consideration of RMB4,500,000 outstanding as at the date of the condensed interim financial statements (note 21).

As at 30 June 2013, the down payment paid for acquisition of Shaanxi Jiarun was RMB23,500,000 and the acquisition of Shaanxi Jiarun is yet to be completed as at the date of this announcement.

17 OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Other receivables		
— Amounts due from Top Elevate *(note (a))*	**—**	8,425
— Amounts due from Geo-Tech *(note (b))*	**9,958**	—
— Amounts due from Mr. Wei Xing	**—**	89
— Deductible VAT input	**1,667**	2,844
— Others	**6,491**	5,486
Less: impairment provision	**(293)**	(293)
	17,823	16,551
Advances to suppliers — third parties	**490**	414
	18,313	16,965

Notes:

(a) On 9 March 2012, the Company and Top Elevate Limited, a third party company incorporated in the BVI, entered into an agreement pursuant to which the Company lent a loan of US$1,300,000 to Top Elevate Limited, bearing interest rate at 3% per annum, guaranteed by Mr. Niu Ruixing, the owner of Top Elevate Limited, which was repaid on 25 March 2013.

(b) On 20 March 2013, the Company, Mr. Weixing and Geo-Tech Resources Group Investment Limited ("Geo-Tech") entered into a framework agreement in relation to possible acquisitions of mines and mineral processing plant in the Republic of Ghana. Pursuant to which the Company made a deposit of HK$12,500,000 to Geo-Tech which is secured by all the equity interests held by Mr Weixing in Huisheng Investment Limited, a company incorporated in BVI.

18 CASH AND CASH EQUIVALENTS

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Current deposits with banks	**185,550**	257,648
Less: Restricted cash at banks *(note a)*	**—**	(31,169)
Cash and cash equivalents	**185,550**	226,479

Note:

(a) Restricted cash represented the guarantee deposit for short-term borrowings as at 31 December 2012.

19 DEFERRED TAX LIABILITIES

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
At the beginning of the period	**34,740**	34,794
Acquisition of a subsidiary *(note 7)*	**14,322**	—
Credited to consolidated statement of comprehensive income	**(27)**	(27)
	49,035	34,767

20 TRADE PAYABLES

Trade payables are analysed as follows:

	As at 30 June 2013	As at 31 December 2012
	RMB'000	*RMB'000*
	(unaudited)	(audited)
— Third parties	**2,264**	1,963

The ageing analysis of trade payables is as follows:

	As at 30 June *2013*	As at 31 December *2012*
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0–90 days	**663**	755
91–180 days	**35**	114
181–365 days	**684**	62
Over 365 days	**882**	1,032
	2,264	1,963

The carrying amounts of trade payables approximated their fair values.

21 OTHER PAYABLES AND ACCRUALS

	As at 30 June *2013* *RMB'000* (unaudited)	As at 31 December *2012* *RMB'000* (audited)
Other payables *(note (a))*	**20,298**	7,287
Salary and welfare payables	**6,015**	8,447
Accrued taxes other than income tax *(note (b))*	**6,145**	6,213
	32,458	21,947

Notes:

(a) Other payables are analysed as follows:

	As at 30 June *2013* *RMB'000* (unaudited)	As at 31 December *2012* *RMB'000* (audited)
Other payables		
— Amounts due to Mr. Wei Xing *(note (i))*	**8,449**	237
— Amounts due to Shaanxi Jiatai *(note (ii))*	**4,500**	—
— Third parties *(note (iii))*	**7,349**	7,050
	20,298	7,287

(i) Amounts due to Mr Wei Xing were interest free and unsecured, and had no fixed terms of repayment.

(ii) Amounts due to Shaanxi Jiatai were the remaining consideration for acquisition of Shaanxi Jiahe which was completed in March 2013.

(iii) Other payable to third parties mainly included payables in relation to expenses incurred in relation to exploration and other services as at 31 December 2012 and 30 June 2013.

(b) Accrued taxes other than income tax are analyzed as follows:

	As at 30 June ***2013*** ***RMB'000*** **(unaudited)**	As at 31 December *2012* *RMB'000* (audited)
Value added tax	**369**	428
Resource tax	**284**	284
Resource compensation	**5,310**	5,310
Others	**182**	191
	6,145	6,213

The carrying amounts of other payables approximated their fair values.

22 SHORT-TERM BORROWINGS

	As at 30 June ***2013*** ***RMB'000*** **(unaudited)**	As at 31 December *2012* *RMB'000* (audited)
Secured bank loan	**—**	31,305

The loan was secured by a restricted bank deposit of US$4,950,000 (note 18), bearing interest at the fixed deposit rate of the lending bank plus 1% per annum, and was repaid in May 2013.

23 RELATED PARTY TRANSACTIONS

For the six months ended 30 June 2013 and 2012, the Group had the following material transactions with related parties:

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Key management compensation		
Basic salaries, allowances and other benefits	**1,585**	1,420
Contributions to pension plan	**40**	20
	1,625	1,440

24 COMMITMENTS

(a) Capital commitments

Capital expenditure for property, plant and equipment at the respective balance sheet dates but not yet incurred is as follows:

	As at 30 June	As at 31 December
	2013	*2012*
	RMB'000	RMB'000
	(unaudited)	(audited)
Authorised but not contracted for:		
— Buildings	**119,415**	99,653
— Machinery and equipment	**98,778**	60,323
	218,193	159,976

(b) Operating lease commitments

The Company leases various offices under non-cancelable operating lease agreements.

The future aggregate minimum lease payments under non-cancelable operating leases at the respective balance sheet dates are as follows:

	As at 30 June *2013* RMB'000 (unaudited)	As at 31 December *2012* RMB'000 (audited)
No later than 1 year	**2,521**	2,240
Later than 1 year and no later than 5 years	**466**	1,526
Later than 5 years	**105**	120
	3,092	3,886

(c) Investment commitment

As at 30 June 2013, the Group has total investment commitments of RMB136,500,000 for the acquisition of Shaanxi Jiarun (31 December 2012: RMB177,000,000 for the acquisitions of Shaanxi Jiarun and Shaanxi Jiahe).

25 EVENTS AFTER BALANCE SHEET DATE

There was no significant event after balance sheet date.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Company participates in ore mining and processing, covering diversified non-ferrous metal mineral resources including nickel, copper, zinc and lead in Xinjiang and gold in Shaanxi, China. The mining and exploration permits 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 is located 15 km by sealed road from the regional town of Jinchuan, in the county of Ningshan. 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 seven exploration permits in Xinjiang and Shaanxi. In the first half of 2013, due to production surplus relative to demand, the prices of nickel, copper, zinc and lead dropped from 2012 or stayed at low levels since 2010. The Company deferred the production plans while allocated more resources to exploration, mine engineering and infrastructure improvement.

Mines under operation

Hami Jinhua and its wholly-owned subsidiary Hami Jiatai hold three mining permits, namely No. 2 Mine, No. 20 Mine and Baiganhu Mine. (i) No. 20 Mine, which produces copper and nickle ore, completed additional 1,576.14 meters drilling at 4 new holes within the mining area, in order to define the deep ore deposit previously untapped on the west of Shaft 6; with positive findings obtained, further exploration and study were proposed. To meet new requirements of safety production, No. 20 Mine is to upgrade its lifting system. (ii) Baiganhu Mine, which produces lead and zinc ore, is setting up the underground production systems and facilities for safety production; a Safety Production Permit is expected after the inspection and acceptance by the official experts. Baiganhu Mine is to carry out further exploration to direct future mine-construction and extracting. (iii) In January 2011, the production of No. 2 Mine had 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 the respective parties have not worked out a compensation plan.

Shaanxi Jiahe was granted the mining permit of Huangjinmei gold mine on 15 January 2013. Such permit has an valid period of three years. The acquisition of Shaanxi Jiahe had been completed on 28 March 2013. Mine engineering, construction of ore processing plant and further exploration at Project Huangjinmei are in progress and the production is expected to commence in the near future.

Exploration permits

Hami Jiatai holds seven exploration permits in Xinjiang namely Baiganhu Gold, H-989, Heishan, Huangshan, Hongshanpo, Xidagou and Yinoxia, with exploration areas of more than 44 square kilometers and minerals covering gold, nickel, copper, lead and zinc. The Company has scheduled preliminary exploration and/or drilling plans for such permits, and plan to apply for mining permits when requirements meeted.

Ore Processing Plants

Hami Jiatai operates a copper-nickle 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 mining operations, with a non-conventional flotation circuit adopted. 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 the first half of 2013, Jiatai Processing Plant did not operate due to the production suspense of Hami Jiatai's copper-nickle mines and the difficulty with sourcing copper-nickel ores from independent suppliers. Jinhua Processing Plant is to process lead-zinc ores once Baiganhu Mine be put into operation.

Shaanxi Jiarun acquisition

In the first half of 2013, the Company postponed to complete the acquisition of Shaanxi Jiarun Mineral Exploiture Limited ("Shaanxi Jiarun") to 30 September 2013 since some conditions precedent mainly related to or largely depend on the obtaining of the mining permit for Project Huaba had not been satisfied. To date the timing and feasibility of fulfilling such conditions remain uncertain. Shaanxi Jiarun holds the exploration permit for Project Huaba. The predominant resources of Project Huaba are vanadium and copper.

Results Review

Revenue and gross loss

For the six months ended 30 June 2013 (the "Period"), the Group recorded no revenue (30 June 2012: Nil) as the Group did not carry out any production and sales activities. Cost of sales represented mainly depreciation charges and staff cost of the mines under operation. Gross loss for the Period amounted to RMB3.5 million (30 June 2012: RMB5.1 million).

Administrative expenses

Administrative expenses for the Period amounted to RMB11.2 million (30 June 2012: RMB6.1 million). They included mainly depreciation charges, consulting fees, staff costs and office overheads. The Company moved to a new office premises in January 2013 and thus rental and related office expenses increased by 49% as compared to the corresponding period of 2012. On the other hand, as the Group devoted more resources in exploration activities and looking for acquisition opportunities during the first half of the year, related exploration expenses and consulting fees also increased.

Gains on bargain purchase

It represented gains on bargain purchase in respect of acquisition of 100% equity interest in Shaanxi Jiahe in March 2013.

Other gains — net

Other gains for the Period represented mainly office rental benefits received from the previous tenant of the office premises leased by the Company. For the six months ended 2012, a gain of RMB17.7 million was recognized upon early settlement of pre-acquisition dividend payable to previous equity holders of Hami Jiatai.

Finance costs — net

The Group recorded interest income of RMB0.5 million for the Period, down from RMB0.9 million last year due to decrease in bank deposits balance. During the Period, the Group recognized foreign exchange losses of RMB4.1 million, reflecting the appreciation of RMB to HK$ resulting in the foreign exchange losses on the company's financial assets which are denominated in HK$. Last year, the Company recognized an unwinding discount of pre-acquisition dividend payable of RMB1.8 million. Net finance costs for the Period amounted to RMB3.8 million (2012: RMB0.6 million).

Income tax credit

Income tax credit for the Period was RMB1.3 million (2012: RMB0.7 million). Income tax credit represented current period tax charge net of deferred taxation arising from depreciation and carried-forward tax losses.

Loss attributable to the equity holders of the Company

Loss attributable to equity holders of the Company for the Period was RMB15.3 million, as compared to a profit of RMB7.7 million in the corresponding period of last year which was primarily the result of a gain of RMB17.7 million as mentioned above. In the absence of such one-off gain during the Period, the Company recorded a loss for the first half of 2013.

Change in and 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 is 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.

In view of the market condition as explained in the section "Business Review" above, on 26 March 2013, the Company announced that it has strategically adjusted the schedules of its mining and exploration activities in Hami. As a result, the Company intends 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 processing plant acquisition in the Republic of Ghana, the details of which have been disclosed in the Company's announcement dated 20 March 2013, and, as to the balance, to finance the Company's working capital and future potential acquisitions if and when suitable opportunities arise. All unused net proceeds were and are placed in short term deposits with licensed banks in Hong Kong.

Liquidity and Financial Review

The Group financed its day to day operations by internally generated cash flow during the Period. Primary uses of funds during the Period included payment of operating expenses, repayment of bank loan, purchase of property, plant and equipment and payment for acquisition of Shaanxi Jiahe.

As at 30 June 2013, current assets of RMB215.8 million were comprised of inventories of RMB12.0 million, other receivables and prepayments of RMB18.3 million and cash and cash equivalents of RMB185.5 million. Current liabilities of RMB35.0 million were mainly comprised of trade payables of RMB2.3 million, other payables and accruals of RMB32.4 million and income tax payable of RMB0.3 million. Current ratios, being total current assets to total current liabilities, were 5.4 and 6.2 as at 31 December 2012 and 30 June 2013 respectively.

As at 30 June 2013, there was no outstanding interest-bearing bank loan (31 December 2012: RMB31.3 million).

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 equity attributable to equity holders of the Company plus net debt. As at 30 June 2013, the Group's total cash and cash equivalents was exceeding the Group's total borrowings, and the gearing ratio was therefore nil (31 December 2012: nil).

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.

Proposed issue of unlisted convertible bonds and unlisted warrants

On 25 January 2013, a subscription agreement was entered into between the Company and ACE AXIS Limited, a company incorporated in the British Virgin Islands whose entire issued capital is owned by CRRI State Right Investment Fund L.P., ("the Investor"), pursuant to which the Company has conditionally agreed to issue, and the Investor has conditionally agreed to subscribe for, the 2% coupon convertible bond at the initial conversion price of HK$2.15 per share (in each case subject to adjustment) in the aggregate principal amount of HK$215,000,000. The Company has also conditionally agreed to issue the warrants to the Investor where such warrants shall entitle the Investor to subscribe for 40,000,000 shares at the initial subscription price of HK$2.4 per share (in each case subject to adjustment).

The net proceeds from the issue of the convertible bond and the full exercise of the subscription rights attached to the Warrants, after deducting legal fees and other expenses payable by the Company, are estimated to be approximately HK$214,500,000 and HK$96,000,000, respectively, which are intended to be applied for the purpose of financing new project(s) of the Company (as agreed by the Investor) if and when they materialise. The subscription agreement has not been completed as at the date of this announcement.

Charges on Company's assets, Commitments and Contingent Liabilities

As at 30 June 2013, the Group had capital commitments for property, plant and equipments of approximately RMB218.2 million (31 December 2012: RMB160.0 million).

As at 30 June 2013, the future aggregate minimum lease payments under non-cancellable operating leases of various offices was approximately RMB3.1 million (31 December 2012: RMB3.9 million).

As at 30 June 2013, the Group had investment commitments with amounts of RMB136.5 million for the acquisition of Shaanxi Jiarun (31 December 2012: RMB177 million for the acquisitions of Shaanxi Jiarun and Shaanxi Jiahe).

There were no other charges on the Company's assets as at 30 June 2013 (31 December 2012: 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.

Significant Investments, Material Acquisitions and Disposals

Save as acquisition of 100% equity interests in Shaanxi Jiahe on 28 March 2013 and extension of long stop date of acquisition of Shaanxi Jiarun to 30 September 2013 as mentioned in section "Business Review" above, on 20 March 2013, the Company, Mr. Weixing and Geo-Tech Resources Group Investment Limited ("Geo-Tech") entered into a framework agreement in relation to possible acquisitions of mines and mineral processing plant in the Republic of Ghana. Pursuant to which the Company made a deposit of HK$12,500,000 to Geo-Tech which is secured by all the equity interests held by Mr Weixing in Huisheng Investment Limited, a company incorporated in British Virgin Islands. Details of the framework agreement has been set out in the announcement of the Company dated 20 March 2013.

Save as above, there are no other significant investments, material acquisitions and disposals during the Period.

Human Resources and Share Option Scheme

As at 30 June 2013, the Group employed 110 employees. The total staff costs for the Period were approximately RMB4.6 million (30 June 2012: RMB4.4 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 30 June 2013.

Future Outlook

The global economy especially China economy continued to slow down in the first half of 2013, leading to sluggish demand for major materials including non-ferrous metal commodities. Forecast in 2013–2014: (i) According to International Copper Study Group ("ICSG") projections in 2013, the copper market is expected to have a production surplus about 415,000 tons relative to demand; and for 2014, although a recovery in usage is anticipated, a higher surplus is expected with increased output from new and existing mines. (ii) The International Lead and Zinc Study Group ("ILZSG") expected that the global market for refined lead metal in 2013 would remain in surplus at a moderate 42,000 tonnes, and that global supply of refined zinc metal will continue to exceed demand in 2013 by a surplus at 273,000 tonnes. (iii) The International Nickel Study Group ("INSG") estimated an increase of world primary nickel production to 1.86Mt, and an increase of world primary nickel usage to around 1.77Mt in 2013; the minor production surplus remains as in 2011 and 2012.

There are several globally interrelated factors that influence the gold market, including currencies, interest rates, inflation, consumer spending, systemic factors, short-term investment flows, and supply-side drivers. We believe the risk for gold production based on controlled cost is low.

Considering the significant impact of the current financial, economic and political uncertainty in many parts of the world, and the structural factors associated with global economy, the Company is to schedule more exploration activities which usually need substantial time and fulfillments, which we believe would enrich the resources base and increase the value of current permits in the long run. The Company considers current gloomy situation is a good timing and opportunity to acquire more natural resources, leveraging our competitive advantages in 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 look for potential acquisition targets in overseas.

DIVIDEND

The directors do not recommend the payment of any interim dividend in respect of the period under review.

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 Period.

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 Period.

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 six months ended 30 June 2013.

NON-COMPLIANCE WITH LISTING RULE 3.10A

The number of independent non-executive directors of the Company falls below the minimum number required under Rule 3.10A of the Listing Rules upon the appointment of Mr. Sun Zhong as the executive director of the Company with effective from 25 February 2013. Following the appointment of Mr. Zhou Mei-Fu as the independent non-executive director of the Company on 8 July 2013, the Company has complied with Rule 3.10A of the Listing Rules.

AUDIT COMMITTEE

The Company has an audit committee which 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 three independent non-executive directors of the Company. The audit committee has reviewed the interim results for the six months ended 30 June 2013.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2013 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, 23 August 2013

As at the date of this announcement, the executive Directors are Mr. Wang Dayong, 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. Sin Lik Man and Mr. Zhou Mei-Fu.