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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

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 2014, together with comparative figures for the corresponding period in 2013 as follows:

INTERIM CONSOLIDATED BALANCE SHEET

	Note	**As at 30 June 2014** ***RMB'000*** **(unaudited)**	As at 31 December 2013 *RMB'000* (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*7*	**107,774**	107,634
Mining rights and exploration rights	*8*	**188,245**	188,245
Land use rights	*9*	**9,707**	9,828
Deferred tax assets		**7,706**	7,197
Financial asset available for sale	*10*	**109,768**	—
Restricted cash at banks		**3,001**	1,951
Total non-current assets		**426,201**	314,855
Current assets			
Inventories		**6,340**	11,369
Other receivables and prepayments	*11*	**78,154**	64,859
Cash and cash equivalents	*12*	**88,827**	223,583
Total current assets		**173,321**	299,811
Total assets		**599,522**	614,666

	Note	As at 30 June 2014 RMB'000 (unaudited)	As at 31 December 2013 RMB'000 (audited)
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		**(64,487)**	(65,207)
		426,646	425,926
Non-controlling interests		**6,304**	6,564
Total equity		**432,950**	432,490
LIABILITIES			
Non-current liabilities			
Provision for close down, restoration and environmental costs		**4,210**	4,151
Deferred tax liabilities	*13*	**48,768**	49,008
Borrowings	*14*	**79,085**	72,503
Total non-current liabilities		**132,063**	125,662
Current liabilities			
Trade payables	*15*	**1,311**	1,821
Other payables and accruals	*16*	**31,607**	35,329
Income tax payable		**266**	266
Derivative financial instruments	*17*	**1,325**	19,098
Total current liabilities		**34,509**	56,514
Total liabilities		**166,572**	182,176
Total equity and liabilities		**599,522**	614,666
Net current assets		**138,812**	243,297
Total assets less current liabilities		**565,013**	558,152

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the six months ended 30 June 2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Revenue	6	**3,504**	—
Cost of sales	18	**(8,383)**	(3,496)
Gross loss		**(4,879)**	(3,496)
Administrative expenses	18	**(10,152)**	(11,214)
Gains on bargain purchase		**—**	383
Other gains — net	19	**20,510**	1,352
Operating profit/(loss)		**5,479**	(12,975)
Finance income		**702**	487
Finance costs		**(6,470)**	(4,324)
Finance costs — net	20	**(5,768)**	(3,837)
Loss before income tax		**(289)**	(16,812)
Income tax credit	21	**749**	1,276
Profit/(Loss) for the period		**460**	(15,536)
Other comprehensive income		**—**	—
Total comprehensive income/(loss)		**460**	(15,536)
Profit/(Loss)/Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**720**	(15,295)
Non-controlling interests		**(260)**	(241)
		460	(15,536)
Earnings/(Loss) per share attributable to the equity holders of the Company (expressed in RMB per share)			
— Basic and diluted	22	**0.0007**	(0.015)
Dividend		**—**	—

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six months ended 30 June 2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Cash flows from operating activities			
Cash (used in)/generated from operations		**(1,961)**	1,904
Net cash (used in)/generated from operating activities		**(1,961)**	1,904
Cash flows from investing activities			
Investment in a fund	*10*	**(109,768)**	—
Acquisition of a subsidiary, net of cash acquired		**—**	(35,207)
Prepayment of investments		**(15,621)**	—
Purchase of property, plant and equipment		**(7,363)**	(5,088)
Interest received	*20*	**702**	487
(Increase)/Decrease in restricted cash at banks		**(1,050)**	31,169
Net cash used in investing activities		**(133,100)**	(8,639)
Cash flows from financing activities			
Repayment of bank borrowings		**—**	(31,305)
Interest paid	*14*	**(426)**	(172)
Net cash used in financing activities		**(426)**	(31,477)
Net decrease in cash and cash equivalents		**(135,487)**	(38,212)
Cash and cash equivalents at beginning of period		**223,583**	226,479
Exchange differences on cash and cash equivalents		**731**	(2,717)
Cash and cash equivalents at end of period		**88,827**	185,550

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2014

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 which consists of the interim consolidated balance sheet as at 30 June 2014 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting polices and other explanatory notes (collectively defined as "Interim Financial Information") is presented in Renminbi ("RMB"), unless otherwise stated. This Interim Financial Information was approved for issue by the Board of Directors on 22 August 2014.

The Interim Financial Information has not been audited.

2 BASIS OF PREPARATION

The Interim Financial Information for the six months ended 30 June 2014 has been prepared in accordance with HKAS 34, "Interim financial reporting". The Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 ACCOUNTING POLICIES

The accounting policies applied to the Interim Financial Information are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements. In addition, the group subscribed an investment in a fund during the six months ended 30 June 2014, which the group defined it as a financial asset available for sale and included in non-current assets. The accounting for financial assets available for sale is in accordance with HKAS 39 "Financial Instruments: Recognition and Measurement".

(a) The following new standards and amendments are mandatory for accounting periods beginning on or after 1 January 2014 have been adopted by the Group in 2014, but have no material impact on the Interim Financial Information.

Amendments to HKAS 32, "Financial instruments: Presentation" clarify 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" mean 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 HKAS 19 regarding defined benefit plans	1 July 2014
Annual improvements 2012	
— HKFRS 2, "Share-based payment"	1 July 2014
— HKFRS 3, "Business combinations" and consequential amendments to HKFRS 9, "Financial instruments", HKAS 37, "Provisions, contingent liabilities and contingent assets", and HKAS 39, "Financial instruments — Recognition and measurement"	1 July 2014
— HKFRS 8, "Operating segments"	1 July 2014
— HKAS 16, "Property, plant and equipment" and HKAS38, "Intangible assets"	1 July 2014
— HKAS 24, "Related Party Disclosures"	1 July 2014
Annual improvements 2013	
— HKFRS 3, "Business combinations"	1 July 2014
— HKFRS 13, "Fair value measurement"	1 July 2014
— HKAS 40, "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 operation	1 January 2016
Amendments to HKAS 16 and HKAS 38 on clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKFRS15 "Revenue from Contracts with Customers"	1 January 2017

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.

4 ESTIMATES

The preparation of the Interim Financial Information 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 the Interim Financial Information, 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 2013.

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 Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial information, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013.

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.

5.3 Fair value estimation

As at 30 June 2014 and 31 December 2013, the carrying amounts of receivables and payables are reasonable approximation of their fair values due to their short-term maturities.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2014.

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at fair value through profit or loss — derivative financial instruments	—	—	1,325	1,325

The following table presents the changes in level 3 instruments for the six months ended 30 June 2014.

	Derivative financial instruments
	RMB'000
Opening balance	19,098
Gains recognised in profit or loss *(note 19)*	(17,773)
Closing balance *(note 17)*	1,325
Total gains included in profit or loss for derivative financial instruments for the six months ended 30 June 2014	(17,773)

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 2014 and 2013, the Group had three (note a, b and c) reportable segments:

(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;

(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; and

(c) Shaanxi Jiahe Mineral Exploiture 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 2014 and 2013 is as follows:

	For the six months ended 30 June 2014				For the six months ended 30 June 2013		For the period from 28 March 2013 to 30 June 2013	
	Hami Jiatai	**Hami Jinhua**	**Shaanxi Jiahe**	**Total**	Hami Jiatai	Hami Jinhua	Shaanxi Jiahe	Total
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)				(unaudited)			
Segment revenue								
— Nickel concentrate	**365**	**2,527**	**—**	**2,892**	—	—	—	—
— Lead and Zinc ore	**—**	**612**	**—**	**612**	—	—	—	—
	365	**3,139**	**—**	**3,504**	—	—	—	—
Segment operating (loss)/profit	**(1,816)**	**(3,365)**	**(674)**	**(5,855)**	(2,149)	(4,114)	228	(6,035)
Unallocated operating gains/(loss) *(note (a))*	**—**	**—**	**—**	**11,334**	—	—	—	(6,940)
Operating (loss)/profit	**(1,816)**	**(3,365)**	**(674)**	**5,479**	(2,149)	(4,114)	228	(12,975)
Segment finance costs — net	**(42)**	**(17)**	**(2)**	**(61)**	(63)	(4)	—	(67)
Unallocated	**—**	**—**	**—**	**(5,707)**	—	—	—	(3,770)
Finance costs — net	**(42)**	**(17)**	**(2)**	**(5,768)**	(63)	(4)	—	(3,837)
Income tax credit	**(128)**	**877**	**—**	**749**	397	879	—	1,276
Amortisation *(note 9)*	**40**	**81**	**—**	**121**	40	81	—	121
Depreciation *(note 7)*	**1,209**	**1,302**	**6**	**2,517**	1,458	1,258	—	2,716

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

	As at 30 June 2014				As at 31 December 2013			
	Hami Jiatai	**Hami Jinhua**	**Shaanxi Jiahe**	**Total**	Hami Jiatai	Hami Jinhua	Shaanxi Jiahe	Total
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(unaudited)				(audited)		
Segment assets	**114,433**	**175,628**	**92,244**	**382,305**	116,306	180,299	85,961	382,566
Unallocated assets *(note (b))*	**—**	**—**	**—**	**217,217**	—	—	—	232,100
Total	**114,433**	**175,628**	**92,244**	**599,522**	116,306	180,299	85,961	614,666
Segment liabilities	**28,813**	**23,200**	**39,093**	**91,106**	29,034	23,086	32,936	85,056
Unallocated liabilities	**—**	**—**	**—**	**75,466**	—	—	—	97,120
Total	**28,813**	**23,200**	**39,093**	**166,572**	29,034	23,086	32,936	182,176

Notes:

(a) Unallocated operating gains for the six months ended 30 June 2014 mainly represented fair value gains on derivative financial instruments less administrative expenses incurred by investment holding companies, and the unallocated operating loss for the six months ended 30 June 2013 mainly arose from administrative expenses incurred by investment holding companies.

(b) Unallocated assets as at 30 June 2014 mainly represented the investment in a fund (note 10) and bank deposits held by the Company, and the unallocated assets as at 31 December 2013 mainly represented the bank deposits held by the Company.

7 PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Machinery and equipment *RMB'000*	Office equipment and others *RMB'000*	Motor vehicles *RMB'000*	Mining structures *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
For the six months ended 30 June 2014 (unaudited)							
Opening net book amount	**25,203**	**14,596**	**19**	**224**	**13,230**	**54,362**	**107,634**
Additions	**—**	**—**	**3**	**—**	**—**	**2,654**	**2,657**
Depreciation *(Note 18)*	**(904)**	**(1,576)**	**(13)**	**—**	**(24)**	**—**	**(2,517)**
Closing net book amount	**24,299**	**13,020**	**9**	**224**	**13,206**	**57,016**	**107,774**
At 30 June 2014							
Cost	**35,281**	**33,237**	**497**	**6,969**	**14,393**	**57,016**	**147,393**
Accumulated depreciation	**(10,982)**	**(20,217)**	**(488)**	**(6,745)**	**(1,187)**	**—**	**(39,619)**
Net book amount	**24,299**	**13,020**	**9**	**224**	**13,206**	**57,016**	**107,774**
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	—	—	—	—	—	11,262	11,262
Other additions	470	—	7	—	—	4,723	5,200
Depreciation *(Note 18)*	(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

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	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Total depreciation	**2,517**	2,716
Less: capitalised depreciation in construction in progress	**(328)**	—
	2,189	2,716
Administrative expenses	**23**	15
Cost of sales	**2,166**	2,701
	2,189	2,716

8 MINING RIGHTS AND EXPLORATION RIGHTS

	For the six months ended 30 June					
	2014			2013		
	Mining rights	**Exploration rights**	**Total**	Mining rights	Exploration rights	Total
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
		(unaudited)			(unaudited)	
Opening net book amount	**140,117**	**48,128**	**188,245**	129,711	—	129,711
Acquisition of a subsidiary	**—**	**—**	**—**	10,406	48,128	58,534
Amortisation charge	**—**	**—**	**—**	—	—	—
Closing net book amount	**140,117**	**48,128**	**188,245**	140,117	48,128	188,245
At 30 June						
Cost	**143,929**	**48,128**	**192,057**	143,929	48,128	192,057
Accumulated amortisation	**(3,812)**	**—**	**(3,812)**	(3,812)	—	(3,812)
Net book amount	**140,117**	**48,128**	**188,245**	140,117	48,128	188,245

9 LAND USE RIGHTS

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Opening net book amount	**9,828**	10,071
Amortisation charge *(note 18)*	**(121)**	(121)
Closing net book amount	**9,707**	9,950
At 30 June		
Cost	**11,136**	11,135
Accumulated amortization	**(1,429)**	(1,185)
Net book amount	**9,707**	9,950

10 FINANCIAL ASSET AVAILABLE FOR SALE

	As at 30 June 2014	As at 31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Investment in CRRI State Right Investment Fund L.P. ("the Fund") *(note)*	**109,768**	—

Note:

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 the Fund which is a limited partnership focusing on mining and natural resources industries established and registered under the laws of Cayman Islands. The targeted total capital commitment of the Fund is HK$1,000 million which is still in progress of subscription. The Company had paid HK$139,500,000 (equivalent to RMB109,768,000) to the Fund till 30 June 2014 which represented equity interests of 13.95% in the Fund. The fair value of the investment in the Fund is approximate to its original value as the Fund is still in the progress of subscription. None of these financial asset is either past due or impaired.

11 OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2014 *RMB'000* **(unaudited)**	As at 31 December 2013 *RMB'000* (audited)
Other receivables		
Amounts due from Shaanxi Jiatai *(note (a))*	**41,604**	40,318
Amounts due from Mr. Wei Xing *(note (b))*	**29,920**	10,000
Amounts due from Top Elevate Limited ("Top Elevate") *(note (c))*	**—**	7,958
Deductible VAT input	**1,490**	2,021
Others *(note (d))*	**5,188**	4,611
Less: impairment provision	**(293)**	(293)
	77,910	64,615
Advances to suppliers — third parties	**244**	244
	78,154	64,859

Notes:

(a) The balance mainly represented prepayment of RMB23,500,000 for acquisition of Shaanxi Jiarun which was lapsed on 30 September 2013, proceeds of RMB8,350,000 receivable from Shaanxi Jiatai arising from disposal of plant, properly and equipment and advances of RMB7,500,000 to Shaanxi Jiatai, a company owned by Mr. Wei Xing.

(b) 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 to the framework agreement signed on 20 March 2013. Pursuant to the supplementary agreement, 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.

The earnest money was subject to receiving a share charge over the entire equity interest in the mining processing company owned by Mr. Wei Xing in favour of the Company to secure the refund obligations of Mr. Wei Xing. However, the registration of pledge is still in progress. And the earnest money should be returned by Mr Wei Xing if no final agreement will be signed by 31 December 2014.

The possible acquisitions are still in the progress of negotiation till the date of the Interim Financial Information.

(c) In October 2013, the Company and Top Elevate, a third party company incorporated in the BVI, entered into an agreement pursuant to which the Company lent a loan of HK$10,000,000 to Top Elevate on 22 October 2013, bearing interest rate at 6% per annum, repayable on 25 December 2013, and guaranteed by Mr. Niu Ruixing, the owner of Top Elevate. The loan was overdue as at 31 December 2013 but subsequently collected on 28 February 2014.

(d) The balances as at 30 June 2014 and 31 December 2013 mainly represented receivables from third parties, which were unsecured, interest free and had no fixed terms of repayment.

12 CASH AND CASH EQUIVALENTS

	As at 30 June 2014 RMB'000 (unaudited)	As at 31 December 2013 RMB'000 (audited)
Current deposits with banks	**88,827**	223,583

13 DEFERRED TAX LIABILITIES

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
At the beginning of the period	**49,008**	34,740
Acquisition of a subsidiary	**—**	14,322
Credited to consolidated statement of comprehensive income	**(240)**	(27)
	48,768	49,035

14 BORROWINGS

	As at 30 June 2014 RMB'000 (unaudited)	As at 31 December 2013 RMB'000 (audited)
Convertible bonds *(note (a))*	**79,085**	72,503

(a) Convertible bonds

The Company issued HK$107,500,000 convertible bonds of 50,000,000 conversion shares at HK$2.15 per share on 19 December 2013 ("closing date") to 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 convertible bonds bear interest at 2% per annum which is payable semi-annually. The bonds mature in two years from the closing date and shall be redeemed at 116% of their nominal value or can be converted into ordinary shares of the Company on or after 20 December 2013 up to 19 December 2015 at a price of HK$2.15 per share.

In conjunction with the convertible bonds, the Company also issued 20,000,000 warrant shares at HK$2.4 per share on 19 December 2013 to ACE AXIS Limited for no additional consideration. The warrants have a subscription period from 20 December 2013 to 19 December 2015 with an exercise price of HK$2.4 per share and maximum value of issued shares amounting to HK$48,000,000. The warrants also have transferability that the subscription rights are freely transferable either in whole or in part provided that, if necessary, the prior approval of the Stock Exchange of Hong Kong Limited shall be required for any transfer to any transferee which is a connected person of the Company.

The values of the liability component of the convertible bonds and the conversion option as well as the warrants were determined at issuance of the bond.

The convertible bonds recognised in the consolidated balance sheet is calculated as follows:

	RMB'000 **(unaudited)**
Liability component as at 31 December 2013	72,503
Interest expense *(Note 20)*	6,702
Interest payable/ paid	(852)
Exchange losses	732
Liability component as at 30 June 2014	79,085

15 TRADE PAYABLES

Trade payables are analysed as follows:

	As at 30 June 2014 ***RMB'000*** **(unaudited)**	As at 31 December 2013 *RMB'000* (audited)
— Third parties	**1,311**	1,821

The ageing analysis of trade payables is as follows:

	As at 30 June 2014 RMB'000 (unaudited)	As at 31 December 2013 RMB'000 (audited)
0–90 days	**21**	413
91–180 days	**—**	—
181–365 days	**—**	54
Over 365 days	**1,290**	1,354
	1,311	1,821

The carrying amounts of trade payables approximated their fair values.

16 OTHER PAYABLES AND ACCRUALS

	As at 30 June 2014 RMB'000 (unaudited)	As at 31 December 2013 RMB'000 (audited)
Other payables *(note (a))*	**20,429**	20,351
Salary and welfare payables	**6,096**	8,761
Accrued taxes other than income tax *(note (b))*	**5,082**	6,217
	31,607	35,329

Notes:

(a) Other payables are analysed as follows:

	As at 30 June 2014 RMB'000 (unaudited)	As at 31 December 2013 RMB'000 (audited)
Other payables		
— Amounts due to Mr. Wei Xing *(note (i))*	**8,840**	8,805
— Third parties *(note (ii))*	**11,589**	11,546
	20,429	20,351

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

(ii) Other payable to third parties mainly included payables in relation to expenses incurred in relation to exploration and other services as at 31 December 2013 and 30 June 2014.

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

	As at 30 June 2014 *RMB'000* **(unaudited)**	As at 31 December 2013 *RMB'000* (audited)
Value added tax	**295**	407
Resource tax	**284**	284
Resource compensation	**4,282**	5,310
Others	**221**	216
	5,082	6,217

The carrying amounts of other payables approximated their fair values.

17 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2014 *RMB'000* **(unaudited)**	As at 31 December 2013 *RMB'000* (audited)
Convertible bonds — Embedded derivatives *(note (i))*	**1,059**	14,743
Warrants *(note (ii))*	**266**	4,355
	1,325	19,098

Notes:

(i) The embedded derivatives are in connection with convertible bonds issued on 19 December 2013, mainly include bondholders' conversion option. The embedded derivatives are valued at HK$18,752,000 (equivalent to RMB14,743,000) at 31 December 2013 by APAC Asset Valuation and Consulting Limited ("APAC") and HK$1,334,000 (equivalent to RMB1,059,000) at 30 June 2014 by management of the Company respectively. The fair value change was made through profit and loss.

(ii) The warrants are issued together with the convertible bonds on 19 December 2013, which are valued at HK$5,540,000 (equivalent to RMB4,355,000) at 31 December 2013 by APAC and HK$335,000 (equivalent to RMB266,000) at 30 June 2014 by management of the Company respectively. The fair value change was made through profit and loss.

18 EXPENSES BY NATURE

The following items have been charged to the operating profit/(loss) for the six months ended 30 June 2014 and 2013:

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation *(note 7)*	**2,189**	2,716
Amortisation *(note 9)*	**121**	121
Employee benefit expenses	**5,347**	4,634
Exploration expenses	**309**	470
Changes in inventories of semi-finished and finished goods	**5,065**	—
Electricity consumed	**40**	71
Travel fare	**375**	900
Resource compensation fees	**7**	—
Office expenses and operating lease payments	**3,609**	2,692
Consulting fees	**1,007**	2,923
Others	**466**	183
Total of cost of sales and administrative expenses	**18,535**	14,710

19 OTHER GAINS — NET

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Fair value gains on derivative financial instruments *(note 5)*	**17,773**	—
Others	**2,737**	1,352
	20,510	1,352

20 FINANCE COSTS — NET

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Finance income		
— Interest income from bank deposits	**(702)**	(487)
Finance costs		
Foreign exchange (gains)/losses	**(291)**	4,072
Interest expense		
— Convertible bonds	**6,702**	—
— Bank borrowings	**—**	172
— Unwinding of discount — provision for close down, restoration and environmental costs	**59**	80
	6,470	4,324
Finance costs — net	**5,768**	3,837

21 INCOME TAX CREDIT

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax	**—**	—
Deferred tax	**(749)**	(1,276)
Income tax credit	**(749)**	(1,276)

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 is 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 2014 and 2013.

The applicable tax rate of Huili Runce, Hami Jiatai, Hami Jinhua and Shaanxi Jiahe are 25%, but there were not any assessable profit for the six months ended 30 June 2014 and 2013.

22 EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is calculated by dividing the profit/(loss) 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	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit/(loss) attributable to equity holders of the Company	**720**	(15,295)
Adjusted weighted average number of shares in issue (in thousands)	**1,000,000**	1,000,000
Basic and diluted earnings/(loss) per share (RMB)	**0.0007**	(0.015)

Diluted earnings/(loss) per share equals to basic earnings/(loss) per share as there was no dilutive potential share outstanding for the six months ended 30 June 2014 and 2013.

23 RELATED PARTY TRANSACTIONS

For the six months ended 30 June 2014 and 2013, the Group had the following material transactions with related parties:

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Key management compensation		
Basic salaries, allowances and other benefits	**679**	1,585
Contributions to pension plan	**6**	40
	685	1,625

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 2014	As at 31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Authorised but not contracted for:		
— Buildings	**114,687**	115,063
— Machinery and equipment	**82,105**	84,382
	196,792	199,445

(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 2014	As at 31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
No later than 1 year	**949**	1,593
Later than 1 year and no later than 5 years	**96**	96
Later than 5 years	**54**	58
	1,099	1,747

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 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 the first half of 2014, the prices of gold, copper and lead stayed at relative low levels, approximately same as in 2013; the nickel and zinc prices recovered a lot. The Company is gauging the fundamental dynamics, expediting the mine engineering, facility upgrading and applying for approvals related to production initiation or relaunch.

Mining Permits

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 mine 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, infrastruction 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 the first half of 2014, Hami Jiatai had already renewed several of the above exploration permits. 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.

Ore Processing Plants

Hami Jiatai operates a copper-nickel ore processing plant and Hami Jinhua owns a lead-zinc ore 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 tons per day (tpd). Nickel, copper, lead and zinc concentrates are separated and recovered from bulk concentrate for sell. During the first half of 2014, Hami Jiatai and Hami Jinhua sold 125 and 807.3 tons of nickel concentrate inventory respectively, and Hami Jinhua sold 3,252 tons of lead-zinc ore produced in mine engineering.

Results Review

Revenue and gross loss

For the six months ended 30 June 2014 (the "Period"), the Group sold nickel concentrate and lead and zinc ore and recorded revenue of RMB3.5 million (30 June 2013: Nil). Cost of sales of RMB8.4 million (30 June 2013: RMB3.5 million) represented mainly depreciation charges, staff cost of the mines under operation and cost of inventories sold. Gross loss for the Period amounted to RMB4.9 million (30 June 2013: RMB3.5 million).

Administrative expenses

Administrative expenses for the Period amounted to RMB10.2 million (30 June 2013: RMB11.2 million). They included mainly depreciation charges, consulting fees, staff costs and office overheads. The Company has adopted various cost-saving measures and compressed 9% administrative expenses as compared to same period of last year.

Gains on bargain Purchase

It represented gains on bargain purchase in respect of acquisition of 100% equity interests in Shaanxi Jiahe in March 2013. No such gains were recorded during the Period.

Other gains — net

Other gains for the Period represented mainly fair value gains of RMB17.8 million on the convertible bonds issued in December 2013 (30 June 2013: nil).

Finance costs — net

The Group recorded interest expense of RMB6.7 million on convertible bonds (30 June 2013: nil) and interest income of RMB0.7 million (30 June 2013: RMB0.5 million). During the Period, the Group also recognised foreign exchange gains of RMB0.3 million (30 June 2013: loss of RMB4.1 million).

Income tax credit

Income tax credit for the Period was RMB0.7 million (2013: RMB1.3 million). Income tax credit represented current period tax charge net of deferred taxation arising from depreciation and carried-forward tax losses.

Profit attributable to the equity holders of the Company

Profit attributable to equity holders of the Company for the Period was RMB0.7 million which was primarily the result of fair value gains of RMB17.8 million as mentioned above, as compared to a loss of RMB15.3 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. 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. No binding agreement has been entered into as at the date of this announcement.

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

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 reduced (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.

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, purchase of property, plant and equipment and payment for subscription for Fund and earnest money for possible acquisitions.

As at 30 June 2014, current assets of RMB173.3 million were comprised of inventories of RMB6.3 million, other receivables and prepayments of RMB78.2 million and cash and cash equivalents of RMB88.8 million. Current liabilities of RMB34.5 million were mainly comprised of trade payables of RMB1.3 million, other payables and accruals of RMB31.6 million, income tax payable of RMB0.3

million and derivative component of the convertible bonds of RMB1.3 million. Current ratios, being total current assets to total current liabilities, were 5.3 and 5.0 as at 31 December 2013 and 30 June 2014 respectively.

As at 30 June 2014, there was no outstanding interest-bearing bank loan (31 December 2013: Nil).

As at 30 June 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 semi-annually, was approximately RMB79.1 million (31 December 2013: RMB72.5 million). No conversion or redemption of the convertible bonds took place during the Period.

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 equity attributable to equity holders of the Company plus net debt. As at 30 June 2014, the Group's total cash and cash equivalents exceeded the Group's total borrowings, and the gearing ratio was therefore nil (31 December 2013: nil).

Issue of Unlisted Convertible Bonds and Unlisted Warrants

On 19 December 2013, the Company issued the 2% coupon convertible bond at the conversion price of HK$2.15 per share in the aggregate principal amount of HK$107,500,000 to ACE AXIS Limited, a company incorporated in the British Virgin Islands ("the Investor"). In conjunction with the convertible bonds, the Company also issued 20,000,000 warrant shares at HK$2.4 per share to the Investor for no additional consideration. The conversion price of the convertible bonds and the subscription price of the warrant share represented a discount of approximately 15.4% and 5.5% respectively to the market price of the shares of the Company of HK$2.54 upon execution of the subscription agreement dated 25 January 2013, being the date on which the terms of such issue were fixed.

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 paid by the Company, were HK$107,000,000 (equivalent to HK$2.14 per conversion share) and HK$48,000,000 (equivalent to HK$2.4 per warrant share), respectively, and have been applied to subscribe for the Fund as stated above.

Charges on Company's assets, Commitments and Contingent Liabilities

As at 30 June 2014, the Group had capital commitments for property, plant and equipments of approximately RMB196.8 million (31 December 2013: RMB199.4 million).

As at 30 June 2014, the future aggregate minimum lease payments under non-cancellable operating leases of various offices was approximately RMB1.1 million (31 December 2013: RMB1.7 million).

As at 30 June 2014, the Group had no investment commitments (31 December 2013: Nil).

There were no other charges on the Company's assets as at 30 June 2014 (31 December 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 30 June 2014, the Group employed 95 employees. The total staff costs for the Period were approximately RMB5.3 million (30 June 2013: RMB4.6 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 2014.

Future Outlook

The strong demand for basic metals in China slowed down in recent years. Such status evolved further in the first half of 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 slow down of demand.

The Company is to schedule more exploration and study of current mines and tenements in order to prolong the mine 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.

DIVIDEND

The directors do not recommend the payment of any interim dividend in respect of the Period.

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, 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 except for Mr. Zhou Mei-Fu and Mr. Song Shaohuan, both were not appointed for a specific term, were appointed for a term of three years with effect from their respective appointment dates and 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 six months ended 30 June 2014.

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 2014.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 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, 22 August 2014

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.