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DEJIN RESOURCES GROUP COMPANY LIMITED

德金資源集團有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 1163)

CLARIFICATION ANNOUNCEMENT

This clarification announcement is made for the purpose of reporting the current condition of the Company's gold mining asset to the shareholders, revealing the actual causes of the deterioration of the underlying business of the Company, making clarification of certain malicious rumours spread by some unscrupulous people, and disclosing the truth to the shareholders and the public through the independent investigation carried out by an independent third party, Da Hua Certified Public Accountants (hereinafter referred to as "**Da Hua**").

The key highlights of this clarification announcement are as follows:

1. The seven gold mining companies in mainland China held by Beijing Tsingda Deshi Technology Limited (北京清大德氏科技有限公司) (hereinafter referred to as "**Tsingda Deshi**") are the core assets of the Company. The root causes for the chaotic conditions currently faced by Tsingda Deshi are the various borrowing agreements entered into by Mow Yan Loy Milton ("**Milton Mow**"), Deng Chong Yun and other parties in private without acknowledging the Company before the completion of its acquisition of Tsingda Deshi (hereinafter referred to as the "**Completion**") and such acts were illegal and prejudiced the interest of the Company and its shareholders.

2. There is an effective arbitration for 北京華融興商資本管理有限公司 (transliterated as Beijing Hua Rong Xing Shang Capital Management Co., Ltd.) (hereinafter referred to as “**Hua Rong Xing Shang**”) and Tsingda Deshi. It stemmed from an investment cooperation agreement amounting to RMB160 million entered into by a party authorized by Milton Mow in private before the Completion without acknowledging the Company. He also entered into a settlement agreement on behalf of Tsingda Deshi without acknowledging the Company afterwards for failure in performing the obligations under the investment cooperation agreement. The settlement agreement led to the judicial arbitration, which has come into effect, but has not been executed by Hua Rong Xing Shang. Currently, the Company is actively negotiating with Hua Rong Xing Shang in order to solve this issue inherited from the past.
3. The litigation brought by 龔宏偉, a shareholder of Longxin Mining Company Limited* (隆鑫礦業有限公司) (hereinafter referred to as “**Longxin Mining**”) in Longhua County against Tsingda Deshi arised from an agreement amounting to RMB620 million entered into by Deng Chong Yun on behalf of Tsingda Deshi and 龔宏偉 before the Completion without acknowledging the Company. His failure to perform the obligations under the agreement afterwards led to the litigation brought by 龔宏偉 against Tsingda Deshi. As the legal representative of Tsingda Deshi and Longxin Mining, Milton Mow should represent these two companies to respond to the actions. Instead, Milton Mow did not take active actions and failed to conduct any work of verification of the authenticity of the original copy of the agreement, which is the most crucial document, within the timeframe specified by the court, resulting in losing in the first trial. The Company has filed an appeal against such ruling.
4. The litigation brought by 徐立武 and 徐鳳友, shareholders of Longde Mining Company Limited* (龍德礦業有限公司) (hereinafter referred to as “**Longde Mining**”) in Longhua County against Tsingda Deshi arised from a number of agreements entered into by Deng Chong Yun with 徐立武 and 徐鳳友 before the Completion. Such agreements were kept from the Company during its acquisition of Tsingda Deshi. Further, such agreements were not duly performed later on, and for which Milton Mow, on behalf of Tsingda Deshi, entered into certain supplemental agreements with 徐立武 and 徐鳳友 in private without acknowledging the Company so as to deliberately transfer his personal debt liabilities to Tsingda Deshi. Based on such agreements, 徐立武 and 徐鳳友 took legal actions against Tsingda Deshi, but Milton Mow neither reported to the Company nor responded to such actions. Ultimately Tsingda Deshi was lost the case as well as the opportunity to appeal. The ruling gives equity of Longde Mining to 徐立武 and 徐鳳友, which has not been executed.

TSINGDA DESHI

1. Prior to the Completion on 13 May 2010, Milton Mow and Mow Tai Loy were the de facto controllers and management of Tsingda Deshi. Tsingda Deshi was established in 2008 and 胡登訓 had been its legal representative and Mow Tai Loy (brother of Milton Mow), Deng Chong Yun and 胡登訓 its directors until 31 March 2010. From which its legal representative were changed to Milton Mow while its directors changed to Milton Mow, Deng Chong Yun and 許逸文.
2. According to SAIC, Milton Mow held management position in Beijing Tsingda Deren Technology Limited* (北京清大德人科技有限公司) (hereinafter referred to as “**Tsingda Deren**”) from 2000 to 2010, and his directorship in Tsingda Deshi was appointed by Tsingda Deren. Before the Completion, Milton Mow and his brother, Mow Tai Loy had de facto control over Tsingda Deshi as directors and legal representatives and had the power to enter into various agreements in the name of Tsingda Deshi by themselves or authorize others to do so. Accordingly, Milton Mow and Mow Tai Loy should undertake all the legal responsibilities for Tsingda Deshi before the Completion. Upon the Completion, Milton Mow and Mow Tai Loy did not duly disclose such agreements and liabilities mentioned in this clarification announcement to the Company.
3. On 13 May 2010, upon the Completion, Milton Mow has remained as the legal representative of Tsingda Deshi until his removal by the general meeting of Tsingda Deshi on 30 July 2014. During the period, Milton Mow controlled the common seal and business license of Tsingda Deshi. He has never proposed resolutions to the board of directors of Tsingda Deshi and the Board of the Company. He has not been granted the necessary authority to execute any such agreements. Instead, he entered into all of the said agreements and legal documents with external parties at his discretion to deliberately transfer or make up false liabilities to Tsingda Deshi, resulting in prejudicing the interest of shareholders.
4. During his four-year period as the legal representative of Tsingda Deshi, Milton Mow paid little attention to the business of the company, and deliberately failed to carry out annual review for the business license of the company, resulting in the revocation of its business license in 2013 and it is still under frozen state. After his removal as legal representative, Milton Mow even refused to hand over the common seal, business license and other information of the company despite repeated demand.

5. Certain litigations referred to in this announcement took place before the Completion and the documents including agreements may be signed by Milton Mow himself, or by others authorized by Milton Mow. Milton Mow, as the legal representative of Tsingda Deshi and the acquirer of the Acquisition, has never reported to the board of the Company on the cooperation agreement and outstanding liabilities existed before the Acquisition and resulting in Tsingda Deshi suffering from substantial amount of debts occurred before the Acquisition, and further affecting the underlying business of the Company. **It is no doubt that Milton Mow and Mow Tai Loy have to bear the ultimate responsibility for the situation.**

Reference is made to the announcements (the “**Announcements**”) of Dejin Resources Group Company Limited (the “**Company**”) dated 16 May 2014, 11 June 2014, 11 July 2014, 28 July 2014 and 8 September 2014 in relation to, among other things, (i) the suspension of trading in the shares of the Company on the Stock Exchange (the “**Suspension**”); (ii) the discovery of the Arbitral Award against Tsingda Deshi (the “**Arbitral Award**”); (iii) the conditions of resumption of trading of shares (the “**Resumption Conditions**”); (iv) the formation of special investigation committee (the “**Special Investigation Committee**”) of the Board to investigate into the arbitral award and any other unrecorded liabilities, guarantees and/or legal proceedings made against Tsingda Deshi and (v) the newly discovered court judgment against Tsingda Deshi (the “**Longde Mining Court Judgment**”). Unless otherwise states, terms used herein shall have the meanings as those ascribed to them in the Announcements.

BACKGROUND, SCOPE AND OBJECTIVES OF THE SPECIAL INVESTIGATION

As disclosed in the announcement made by the Company on 11 July 2014, the following resumption conditions were imposed on the Company with respect to:

1. verify the genuineness and/or validity of the Alleged Contract, the Alleged Settlement Agreement and the Arbitral Award and assess their implication to the Company’s financial and operation position;
2. demonstrate that the Company is able to appraise Tsingda Deshi’s position and to effectively report on inside/material information in respect of Tsingda Deshi to meet its obligations under the Listing Rules; and
3. inform the market of material information.

Pursuant to a resolution of the board of directors (the “**Board**”) of the Company passed on 25 July 2014, the special investigation committee was formed and appointed Da Hua, as independent adviser to the Special Investigation Committee for conducting the investigation of Tsingda Deshi in respect of the above matters, being the scope (“**Scope**”) of its investigations, as part of the fulfillment of the resumption conditions. Da Hua has finalised an interim special investigation report (the “**Investigation Report**”) in respect of the scope on 31 August 2014. This announcement is to summarise the key findings as set out in the investigation report with respect to the scope.

KEY FINDINGS OF THE INVESTIGATION REPORT

Based on the investigation report prepared by Da Hua with respect to the scope, the key findings of Da Hua are summarised below.

1. Arbitral Award

Details of the Arbitral Award are set out in the announcement made by the Company on 11 June 2014. The Arbitral Award involves the cooperation agreement (“**Cooperation Agreement**”) entered into between Tsingda Deshi and Hua Rong Xing Shang.

In relation to the Arbitral Award, Da Hua has: (i) reviewed the cooperation agreement, supplementary agreement and the arbitral award; (ii) met with certain directors and chief executive officer of the Company; (iii) conducted interview with the head of legal department of Hua Rong Xing Shang; and (iv) conducted the litigation searches on the gold mining companies owned by Tsingda Deshi.

Key points:

1. The cooperation agreement was executed before the Company completed the acquisition of Tsingda Deshi, at which time Milton Mow was the legal representative and de facto controller of Tsingda Deshi.
2. The root cause of the case is that Milton Mow (as the legal representative) authorized another person to sign the Investment Cooperation Agreement with Hua Rong Xing Shang, and deliberately withheld this fact from the Company, whereas he also failed to convene an internal board meeting of Tsingda Deshi to obtain corresponding approval of the board of directors.
3. On 5 August 2012, Milton Mow personally executed the Settlement Agreement with Hua Rong Xing Shang and filed to the arbitration institution. However, the existing evidences indicate that Milton Mow did not inform or forward to the

Board members of the Company, except for Tian Lidong who was removed as a Director, such agreement or drafts. In addition, the execution of the Settlement Agreement signed by Milton Mow has not been authorized by the board of directors of Tsingda Deshi or the Board of the Company.

4. Hua Rong Xing Shang has not executed the effective arbitrary, and remains under judicial seizure and did not file for liquidation auction, pledge of equity and other execution requests as at the date of the this announcement.

2. Longxin Judgment

Reference of the Longxin Judgment are set out in the announcements made by the Company dated 2 November 2011, 6 December 2011 and 11 June 2014 in relation to, among other things, (i) the suspension of trading in the shares of the Company on the Stock Exchange; (ii) the details of Longxin litigation and the resumption of trading in the shares of the Company; and (iii) the update of the Longxin Judgment. The Longxin Judgment involves the cooperation agreement (“**Cooperation Agreement**”) entered into between Tsingda Deshi and 龔宏偉.

In relation to the Longxin Judgment, Da Hua has: (i) reviewed the Cooperation Agreement; (ii) met with certain directors and chief executive officer of the Company; (iii) reviewed the court judgment extracted from 河北省高級人民法院 (transliterated as High People’s Court of Hebei Province); and (iv) conducted the litigation searches on the Longxin Mining.

Key points:

1. The cooperation agreement was executed before the Company completed the acquisition of Tsingda Deshi, at which time Milton Mow was the legal representative and de facto controller of Tsingda Deshi.
2. The actual cause is that before the Company completed the acquisition of Tsingda Deshi, it (with Milton Mow as the de facto controller) did not perform the undertaking to pay the acquisition consideration to the original shareholders of Longxin Mining. At the time being, in addition to being the director and legal representative of Tsingda Deshi, Milton Mow was also the director of Silver Mark Enterprises Limited and Million Gold Fortune Limited, and Mow Tai Loy was also the director of million Gold Fortune. Both companies failed to pay the acquisition consideration to the original shareholders of Longxin Mining after completing the acquisition of the listing company and receiving the acquisition consideration, which led to the litigation.

3. During the legal proceedings, Milton Mow responded to the litigation on behalf of Tsingda Deshi, and made a significant remark that the agreement signed by the parties, which was the most important evidence on which the litigation was based, was forged by Deng Chong Yun. However, unaccountably, Milton Mow did not take any further responding actions after making such remark. Since the court approved Milton Mow's application for forensic identification, he has not taken any action or submit any identification report by any qualified institution within the required time as requested by the court. Therefore, the court determined that the agreement is authentic, legal and in effect, which ultimately is the most important factor for losing the case at the first instance trial.

3. Longde Judgment

Details of the Longde Judgment are set out in the announcement made by the Company dated 8 September 2014. The Longde Judgment involves the alleged agreement (the "**Alleged Agreement**") entered into between Tsingda Deshi and the minority shareholders of Longde Mining, namely 徐鳳友 and 徐立武 (the "**Original Shareholders**").

In relation to the Longde Judgment, Da Hua has: (i) met with certain directors and chief executive officer of the Company; (ii) reviewed the court judgment extracted from 河北省承德市中級人民法院; and (iii) conducted the litigation searches on the Longde Mining.

Key points:

1. The alleged agreement was executed before the Company completed the acquisition of Tsingda Deshi, at which time Milton Mow was the legal representative and de facto controller of Tsingda Deshi.
2. On 26 April 2012, Milton Mow (in person and as Tsingda Deshi's legal representative) and the original shareholders of Longde Mining entered into a memorandum of cooperation agreement, which clearly stipulates that Tsingda Deshi shall discharge the payment of acquisition consideration in the amount of RMB35,000,000 to the original shareholders of Longde Mining upon completion of acquiring Tingda Deshi by the Company, whereas the actual payment amount was only RMB11,350,000. This debt was in reality incurred before the Company completed the acquisition of Tsingda Deshi. Therefore, as the then de facto controller of Tsingda Deshi, Milton Mow was the debtor. Milton Mow deliberately withheld from the Company the fact that the transfer payment for the equity of Longde Mining was not completed.

3. When the original shareholders of Longde Mining claimed from Milton Mow the unpaid portion of acquisition consideration, Milton Mow failed to actively seek funds for the debts owed to the original shareholders, but (as Tsingda Deshi's legal representative) he signed certain supplemental agreements with the original shareholders of Longde Mining in July 2012, agreeing that Tsingda Deshi will settle the remaining amount for the transfer of equity in Longde Mining by paying RMB50,000,000 to the original shareholders. Milton Mow deliberately transferred his personal debt to Tsingda Deshi as well as pledged the equity in Longde Mining held by Tsingda Deshi to the original shareholders of Longde Mining through private agreements.
4. At the time of signing these documents, Milton Mow had never reported to the board of directors of Tsingda Deshi and the Board of the Company, or obtained any authorization by any board of directors.
5. When the original shareholders of Longde Mining took legal actions against Tsingda Deshi, Milton Mow (as Tsingda Deshi's legal representative) did not respond to the actions or report to the board of directors of Tsingda Deshi and the Board of the Company, resulting in the court making a default judgment against Tsingda Deshi. After losing the first instance trial, Milton Mow continued to fail to respond and report to the board of directors of Tsingda Deshi and the Board of the Company, and hence the verdict at the first instance trial prevailed.
6. Up to the publication date of this announcement, in respect of losing the case of the original shareholders of Longde Mining against Tsingda Deshi, Milton Mow has not reported to the board of directors of Tsingda Deshi and the Board of the Company.

The Company reserves its rights to take legal actions against Milton Mow, Mow Tai Loy and Tian Lidong for signing of the said Alleged Agreements by Milton Mow without the authorisation of the Board and the failure of Milton Mow, Mow Tai Loy and Tian Lidong to report the said legal judgments to the Board and carry out their duties to protect the interest of the Group.

Da Hua will continue to conduct a comprehensive investigation on the Company. Further announcement(s) will be made by the Company as and when appropriate.

SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 16 May 2014. Trading in the Shares will remain suspended until further notice.

By order of the Board
Dejin Resources Group Company Limited
Cheung Wai Yin, Wilson
Executive Director

Hong Kong, 29 September 2014

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Cheung Wai Yin, Wilson, Mr. Chan Ka Wing, Mr. Tsai Wallen, Mr. Lau Chi Yan, Pierre and Mr. Yang Zhihua; and four independent non-executive Directors, namely, Mr. Fu Wing Kwok, Ewing, Ms. Pang Yuen Shan, Christina, Ms. Yeung Mo Sheung, Ann and Mr. Ma Ning.