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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)

UPDATE ON LONGXIN MINING'S LITIGATION

- 1 The litigation (hereinafter referred to as “**Longxin Mining’s Litigation**”) brought by Mr. Gong Hong Wai (“**Mr. Gong**”), 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 Beijing Tsingda Deshi Technology Limited (hereinafter referred to as “**Tsingda Deshi**”) arisen from an agreement amounting to RMB620 million entered into by Deng Chong Yun, without acknowledging the Company, on behalf of Tsingda Deshi with Mr. Gong before the completion of the Company’s acquisition. Its failure to perform the obligations under the agreement afterwards led to the litigation brought by Mr. Gong against Tsingda Deshi. As the legal representative of Tsingda Deshi and Longxin Mining, Mow Yan Loy, Milton (“**Milton Mow**”) should have represented 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.

* *For identification purposes only*

- 2 After losing the first trial, Milton Mow, the then Tsingda Deshi's legal representative, concealed this material fact from the Company. On the contrary, Milton Mow took the judgment of the losing case as the material justification for his application for the liquidation of the Company with the intention to apply for an order assigning a provisional liquidator to the Company during the first hearing of the litigation concerning the liquidation of the Company on 11 June 2014. However, the court did not satisfy with the evidence provided by Milton Mow and accordingly the application was dismissed unconditionally.
- 3 On 15 January 2015, the Supreme People's Court of the People's Republic of China ("**Supreme People's Court**") commenced its first court session for the hearing of the case of Mr. Gong whereas no judgment was arrived in this hearing. Currently, the Company has authorized an agent for mediation and negotiation with Mr. Gong on behalf of Tsingda Deshi pursuant to the requirement of the Supreme People's Court.

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, 8 September 2014 and 29 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; (v) the newly discovered court judgment against Tsingda Deshi (the "**Longde Mining Court Judgment**") and (vi) clarification announcement concerning the actual causes of the deterioration of the underlying business of Tsingda Deshi (the "**Clarification Announcement**"). Unless otherwise states, terms used herein shall have the meanings as those ascribed to them in the Announcements.

On 23 May 2014, 河北省高級人民法院 (transliterated as High People's Court of Hebei Province) carried out the first trial concerning Longxin Mining's Litigation and made a judgment against Tsingda Deshi. In accordance to the judgment in the first trial, Tsingda Deshi is required to transfer its 80% equity interest in Longxin Mining to Mr. Gong at nil consideration. After losing the first trial, Milton Mow, the then Tsingda Deshi's legal representative, concealed this material fact from the Company. On the contrary, Milton Mow took the judgment of the losing case as the material justification for the application for the liquidation of the Company with the intention to apply for an order assigning a provisional liquidator to the Company during the first hearing of the litigation concerning the liquidation of the Company on 11 June 2014. However, the court did not satisfy with the evidence provided by Milton Mow and accordingly the application was dismissed unconditionally.

On 8 July 2014, in the adverse situation that Milton Mow refused to cooperate with the Company for the normal litigation procedures, the Company unilaterally paid the appeal cost on behalf of Tsingda Deshi to the Supreme People's Court to safeguard the right of appeal of Tsingda Deshi. In the meantime, the Company has also passed a resolution at the general meeting of Tsingda Deshi to remove Milton Mow's office as a legal representative of Tsingda Deshi. However, despite the Company's repeated written requests, Milton Mow still refused to hand over all the licenses, certificates and documents of Tsingda Deshi and refused to cooperate with the Company to change all the agents for the litigation and claimed in the public several times that he was still the legal representative of Tsingda Deshi with the intention to strike down Tsingda Deshi with the litigation in order to reach his despicable goal to drag the Company down.

On 5 January 2015, as the Supreme People's Court has failed to contact with Milton Mow for several times, in order to protect the proper right of litigation of Tsingda Deshi and to prevent Tsingda Deshi from being unable to appear in the trial, the Supreme People's Court has finally and successfully contacted with the management of the Company and informed the Company of the time for the first court session for the hearing of the trial, and however, the Company was also told that the Supreme People's Court would not at this stage deliver the litigation materials officially to the Company but to Milton Mow and his agent only as Milton Mow did not proceed the procedure on the change of agent cooperatively.

On 15 January 2015, the Supreme People's Court commenced its first court session for the hearing of the Longxin Mining's Litigation and the agent of the Company attended that hearing as a bystander. No judgment was arrived in this hearing. After the hearing, Mr. Ge Meng Jun, the lawyer from Beijing Huicheng Law Firm engaged by Milton Mow to represent Tsingda Deshi, expressed to the agent of the Company in the court of his hope to resign his office as the agent for Longxin Mining's Litigation as soon as possible as Milton Mow has never paid to him any lawyer fees in respect of Longxin Mining's Litigation and he has also had difficulty to contact with Milton Mow who barely answered phone calls and replied texts.

In early February 2015, through the Company's effort in coordination, the mainland law firm newly engaged by the Company has received a formal notice from the Second Civil Court of the Supreme People's Court. The Supreme People's Court has officially confirmed the qualification of the law firm newly engaged by the Company as the agent in the second trial of Longxin Mining's Litigation, and commencing from early February 2015, the Supreme People's Court will deliver all the information and relevant document of the case to the agent of the Company. Currently, the Company has authorized an agent for mediation and negotiation with Mr. Gong on behalf of Tsingda Deshi pursuant to the requirement of the Supreme People's Court.

Further announcement(s) for the development of the litigation will be made by the Company as and when appropriate.

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, 27 February 2015

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 three independent non-executive Directors, namely, Mr. Fu Wing Kwok, Ewing, Ms. Yeung Mo Sheung, Ann and Mr. Ma Ning.