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 2021

The board (the "Board") of directors (the "Director(s)") of Huili Resources (Group) Limited (the "Company") announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2021 (the "Period"), together with comparative figures for the corresponding period in 2020 (the "Prior Period") as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2021	2020
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	6	**457,893**	17,499
Cost of sales		**(452,386)**	(15,698)
Gross profit		**5,507**	1,801
Administrative expenses		**(10,703)**	(10,892)
Other operating losses		**(1,260)**	(6,363)
Other gains	7	**560**	3,891
Operating loss		**(5,896)**	(11,563)
Finance income	8	**128**	653
Finance costs	8	**(76)**	(97)
Finance income – net	8	**52**	556
Loss before income tax	9	**(5,844)**	(11,007)
Income tax expense	10	**(1,338)**	(178)
Loss for the period		**(7,182)**	(11,185)
(Loss)/profit attributable to:			
Equity holders of the Company		**(7,152)**	(11,208)
Non-controlling interests		**(30)**	23
Loss for the period		**(7,182)**	(11,185)

	Notes	Six months ended 30 June **2021** *RMB'000* **(unaudited)**	2020 *RMB'000* (unaudited)
Other comprehensive income after tax:			
Items that may be subsequently reclassified to profit or loss			
Fair value changes of financial assets (debt instruments) at fair value through other comprehensive income ("FVTOCI")		**463**	–
Other comprehensive income for the period, net of tax		**463**	–
Total comprehensive loss for the period		**(6,719)**	(11,185)
Total comprehensive (loss)/income for the period attributable to:			
Equity holders of the Company		**(6,689)**	(11,208)
Non-controlling interests		**(30)**	23
Total comprehensive loss for the period		**(6,719)**	(11,185)
Loss per share attributable to the equity holders of the Company			
– Basic and diluted *(RMB cents)*	11	**(0.44)**	(0.69)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2021** ***RMB'000*** **(unaudited)**	31 December 2020 *RMB'000* (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	13	**59,088**	60,295
Mining rights and exploration rights		**94,538**	94,538
Right-of-use assets		**10,461**	8,743
Loan receivables	15	**95,393**	76,280
Financial assets at FVTOCI		**19,451**	19,138
Total non-current assets		**278,931**	258,994
Current assets			
Trade and bills receivables	14	**10,137**	16,147
Other receivables and prepayments	16	**51,244**	24,500
Cash and cash equivalents		**135,592**	169,139
Total current assets		**196,973**	209,786
Total assets		**475,904**	468,780
LIABILITIES			
Current liabilities			
Trade payables	17	**9,941**	1,310
Other payables and accruals		**14,199**	14,408
Contract liabilities		**16,473**	11,812
Lease liabilities		**1,434**	664
Current tax liabilities		**1,535**	2,781
Total current liabilities		**43,582**	30,975
Net current assets		**153,391**	178,811

	Notes	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Non-current liabilities			
Lease liabilities		**1,233**	–
Provision for close down, restoration and environmental costs		**2,938**	2,882
Deferred tax liabilities		**25,253**	25,306
Total non-current liabilities		**29,424**	28,188
Total liabilities		**73,006**	59,163
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	18	**137,361**	137,361
Share premium	18	**668,768**	668,768
Other reserves		**(9,943)**	(10,781)
Accumulated losses		**(392,058)**	(384,531)
		404,128	410,817
Non-controlling interests		**(1,230)**	(1,200)
Total equity		**402,898**	409,617
Total equity and liabilities		**475,904**	468,780

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 12 January 2012. The principal place of business of the Company is located at Room 2805, 28/F., Harbour Centre, No. 25 Harbour Road, Wan Chai, Hong Kong.

The Company is an investment holding company and its subsidiaries (together with the Company, the "Group") are principally engaged in the mining, ore processing and sales of nickel, copper, lead and zinc products, financial services and trading of coal in the PRC during the six months ended 30 June 2021 (the "Period").

These interim condensed consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These interim condensed consolidated financial statements, which have not been audited, have been approved and authorised for issue by the board (the "Board") of directors (the "Director(s)") of the Company on 31 August 2021.

2 BASIS OF PREPARATION

These interim condensed consolidated financial statements for the Period have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). These interim condensed consolidated financial statements contain selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group after the financial year ended 31 December 2020. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020 ("2020 Annual Financial Statements"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

These interim condensed consolidated financial statements have been prepared on the historical cost basis except for financial assets at FVTOCI, which are measured at fair value.

In preparing these interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2020 Annual Financial Statements.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

3 CHANGES IN ACCOUNTING POLICIES

3.1 New and amended standards adopted by the Group

The Group has adopted the following new and revised HKFRSs (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by HKICPA for the first time for these interim condensed consolidated financial statements.

HKFRS 4, 7, 9 and 16 and HKAS 39	Amendments in relation to Interest Rate Benchmark Reform

The Group concluded that the adoption of these new and revised HKFRSs in the current period has had no material impact on the amounts reported and/or disclosures set out in these interim condensed consolidated financial statements.

3.2 New standards and amendments to standards issued but not yet effective for the accounting period beginning on 1 January 2021 and not early adopted by the Group

		Effective for accounting periods beginning on or after
HKFRS 17	Insurance contracts	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current	1 January 2023
HKAS 1 (Amendments)	Amendments in relation to Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Amendments in relation to Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Amendments in relation to Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Conceptual Framework for Financial Reporting	1 January 2022
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions	1 April 2021
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 Cycle	1 January 2022
HK – Int 5	Amendments in relation to Amendments to HKAS 1	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment on the impact of these new standards and amendments to standards and preliminary results showed that their application are not expected to have material impact on the financial performance and the financial position of the Group.

4 ESTIMATES

The preparation of these interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets and liabilities, income and expense that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these interim condensed consolidated 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 2020 Annual Financial Statements.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group historically has not used derivative instruments for hedging or trading purposes.

These interim condensed consolidated financial statements do not include the disclosures of the Group's financial risk management information that were required in the annual financial information, and should be read in conjunction with the Group's 2020 Annual Financial Statements.

There have been no changes in the risk management policies since 31 December 2020.

5.2 Fair value estimation

This section analyses the Group's financial instruments carried at fair value as at 30 June 2021 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading securities and securities carried at FVTOCI) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

The following table illustrates the fair value hierarchy of the Group's financial instruments:

	Fair value measurement using			
	Quoted price in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 30 June 2021				
– Financial assets at FVTOCI (unaudited)	–	19,451	–	19,451
As at 31 December 2020				
– Financial assets at FVTOCI (audited)	–	19,138	–	19,138

The fair value of financial assets at FVTOCI was measured at traded prices for identical debts instruments in over-the-counter markets.

During the six months ended 30 June 2021, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

6 SEGMENT INFORMATION

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

The CODM reviews the operating performance from a business perspective (i.e. mining, financial services and trading business). The reportable operating segments derive their revenue primarily from mining, financial services and trading of coal respectively.

For both the six months ended 30 June 2021 and 2020, the Group had three reportable segments:

(a) the "Mining" segment engages in the mining, ore processing and sales of nickel, copper, lead and zinc products through Hami Jiatai Mineral Resource Exploiture Limited ("Hami Jiatai") and Hami Jinhua Mineral Resource Exploiture Limited ("Hami Jinhua") in the PRC;

(b) the "Financial services" segment engages in financial services through Runxi Energy Technology (Shanghai) Company Limited ("Runxi Energy") in the PRC; and

(c) the "Trading business" segment engages in trading of coal through Changzhi Runce Trading Company Limited ("Changzhi Runce"), Gujiao Runce Trading Company Limited ("Gujiao Runce") and Ningbo Runce Trading Company Limited ("Ningbo Runce") in the PRC.

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

The CODM assesses the performance of the operating segments based on operating profit. Interest income and expenditure at the level of the Group are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. This measurement basis excludes the operating results of other insignificant activities of the Group.

(A) The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2021 and 2020 is as follows:

	For the six months ended									
	30 June 2021					30 June 2020				
	Mining	**Financial services**	**Trading business**	**Unallocated**	**Total**	Mining	Financial services	Trading business	Unallocated	Total
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment Revenue										
– Sales of mining products	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
– Interest income from financial services	**–**	**2,789**	**–**	**–**	**2,789**	–	2,888	–	–	2,888
– Trading of coal	**–**	**–**	**455,104**	**–**	**455,104**	–	–	14,611	–	14,611
	–	**2,789**	**455,104**	**–**	**457,893**	–	2,888	14,611	–	17,499
Segment operating (loss)/profit *(Note (a))*	**(2,270)**	**(3,438)**	**3,376**	**(2,303)**	**(4,635)**	(2,092)	1,451	(27)	(4,532)	(5,200)
Segment expected credit losses ("ECLs")/(reversal of ECLs) on trade receivables	**–**	**–**	**1,698**	**(426)**	**1,272**	–	–	515	1,506	2,021
Segment ECLs/(reversal of ECLs) on loan and other receivables	**791**	**(265)**	**1**	**(539)**	**(12)**	2,788	374	–	1,180	4,342
Segment finance (costs)/ income – net	**(56)**	**16**	**61**	**31**	**52**	(54)	25	–	585	556
Segment income tax credit/ (expense)	**53**	**(719)**	**(672)**	**–**	**(1,338)**	–	(171)	(7)	–	(178)
Depreciation of right-of-use assets	**210**	**–**	**–**	**850**	**1,060**	14	–	–	952	966
Depreciation of property, plant and equipment	**1,080**	**–**	**–**	**127**	**1,207**	1,080	–	–	113	1,193

	As at 30 June 2021					As at 31 December 2020				
	Mining	**Financial services**	**Trading business**	**Unallocated**	**Total**	Mining	Financial services	Trading business	Unallocated	Total
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**	(audited)	(audited)	(audited)	(audited)	(audited)
Segment assets *(Note (b))*	**167,710**	**81,845**	**77,413**	**148,936**	**475,904**	170,061	93,615	46,182	158,922	468,780
Segment liabilities *(Note (c))*	**41,997**	**888**	**27,200**	**2,921**	**73,006**	42,040	2,970	12,036	2,117	59,163

Notes:

(a) Unallocated operating loss mainly represented exchange gain, administrative and professional services expenses incurred by the Company, as well as the administrative expenses incurred by Yonghe County Changshi Engineering Service Company Limited ("Changshi") for the six months ended 30 June 2020 and 2021.

(b) Unallocated assets mainly represented the other receivables and the bank deposits held by the Company and Changshi as at 31 December 2020 and 30 June 2021.

(c) Unallocated liabilities mainly represented other payables and accruals of the Company and Changshi as at 31 December 2020 and 30 June 2021.

(B) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers are disaggregated by primary geographical markets, major products and service lines and timing on revenue recognition.

For the six months ended 30 June 2021

	Mining	**Trading business**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
	(unaudited)	**(unaudited)**	**(unaudited)**
Primary geographical market			
The PRC	**–**	**455,104**	**455,104**
Major products and services			
Trading of coal	**–**	**455,104**	**455,104**
Timing of revenue recognition			
At a point in time	**–**	**455,104**	**455,104**

For the six months ended 30 June 2020

	Mining	Trading business	Total
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)
Primary geographical market			
The PRC	–	14,611	14,611
Major products and services			
Trading of coal	–	14,611	14,611
Timing of revenue recognition			
At a point in time	–	14,611	14,611

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Trading business – trading of coal	**455,104**	14,611
Revenue from contracts with customers	**455,104**	14,611
Financial services – interest income from financial services	**2,789**	2,888
Total revenue	**457,893**	17,499

(C) Geographic information

The following table provides an analysis of the Group's revenue from customers and non-current assets other than financial instruments ("Specified non-current assets"):

	Revenue from external customers (by customer location) For the six months ended 30 June		Specified non-current assets (by client location)	
			As at 30 June	As at 31 December
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
The PRC	**457,799**	17,499	**161,015**	162,304
Hong Kong	**94**	–	**3,072**	1,272
	457,893	17,499	**164,087**	163,576

7 OTHER GAINS

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Foreign exchange gain, net	**1**	3,624
Government subsidy	**–**	267
Interest income on financial assets at FVTOCI	**559**	–
	560	3,891

8 FINANCE INCOME – NET

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Finance income		
Interest income	**128**	653
Finance costs		
Interest expenses		
– Interest on lease liabilities	**(20)**	(41)
– Unwinding of discount – provision for close down, restoration and environmental costs	**(56)**	(56)
	(76)	(97)
Finance income – net	**52**	556

9 LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of inventories recognised as expenses	**451,048**	14,444
Depreciation		
– right-of-use assets	**1,060**	966
– property, plant and equipment	**1,207**	1,193
Employee costs	**4,735**	4,307

10 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax – PRC Enterprise Income Tax	**1,391**	178
Deferred tax	**(53)**	–
Income tax expense	**1,338**	178

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.

The Group's subsidiaries incorporated in the British Virgin Islands ("BVI") were not liable for taxation in the BVI on their non-BVI income.

The Group's subsidiaries in Hong Kong were subject to Hong Kong profits tax at a rate of 16.5% for each of the six months ended 30 June 2021 and 2020.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to a nominated qualifying entity in the Group during the six months ended 30 June 2021 and 30 June 2020.

The Group's subsidiaries in the PRC were subject to the corporate income tax at a rate of 25% in accordance with the Law of the PRC on Enterprise Income Tax for each of the six months ended 30 June 2021 and 2020.

11 LOSS PER SHARE

The basic loss per share is calculated by dividing the loss attributable to the equity holders of the Company by weighted average number of ordinary shares in issue during the six months ended 30 June 2021 and 2020.

	For the six months ended 30 June	
	(unaudited)	(unaudited)
Loss attributable to equity holders of the Company *(RMB'000)*	**(7,152)**	(11,208)
Weighted average number of shares in issue *(in thousands)*	**1,620,000**	1,620,000
Basic and diluted loss per share *(RMB cents)*	**(0.44)**	(0.69)

Diluted loss per share equals to basic loss per share as there was no dilutive potential share outstanding for the six months ended 30 June 2021 and 2020.

12 DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021 and 2020.

13 PROPERTY, PLANT AND EQUIPMENT

No additions to property, plant and equipment for both the six months ended 30 June 2021 and 2020, and no property, plant and equipment were disposed of for both the six months ended 30 June 2021 and 2020.

14 TRADE AND BILLS RECEIVABLES

	As at 30 June 2021 *RMB'000* **(unaudited)**	As at 31 December 2020 *RMB'000* (audited)
Trade receivables	**15,137**	19,275
Less: ECLs of trade receivables	**(5,000)**	(3,721)
Trade receivables, net	**10,137**	15,554
Bills receivables	**–**	600
Less: ECLs of bills receivables	**–**	(7)
Bills receivables, net	**–**	593
Total trade and bills receivables, net	**10,137**	16,147

The ageing analysis of trade receivables, after ECLs recognised as at end of reporting period, based on invoice date were as follows:

	As at 30 June 2021 *RMB'000* **(unaudited)**	As at 31 December 2020 *RMB'000* (audited)
Up to 3 months	**4,947**	8,636
3 to 6 months	**1,338**	4,272
6 to 12 months	**3,852**	2,646
	10,137	15,554

The carrying amounts of trade and bills receivables approximated to their fair values. The balances were denominated in RMB.

15 LOAN RECEIVABLES

	As at 30 June 2021 *RMB'000* **(unaudited)**	As at 31 December 2020 *RMB'000* (audited)
Loans to third parties *(Note)*	**95,816**	77,000
Less: ECLs of loan receivables	**(423)**	(720)
	95,393	76,280
Representing:		
– Non-Current	**95,393**	76,280

Note: On 4 December 2019, Runxi Energy, one of the subsidiaries of the Group, entered into a loan agreement (the "Loan Agreement 1") and a mortgage agreement with Beijing Fengwo Technology Company Limited* ("Beijing Fengwo"), an independent third party, to provide a loan (the "Loan 1") of RMB65,000,000, interest bearing at 7% per annum for a term of 5 months. Beijing Fengwo has pledged its properties located in Beijing, the PRC, with fair value higher than the principal amount of the Loan 1. On 28 February 2020, the Board approved the extension of the term of the Loan 1 to 5 December 2022 (in respect of RMB45,000,000 drawn down on 5 December 2019) and 6 December 2022 (in respect of RMB20,000,000 drawn down on 6 December 2019).

On 6 January 2020, the Group entered into two separate loan agreements with two independent third parties to provide loans of RMB6,000,000 each. Both loans are interest bearing at 7% per annum for a term of 36 months.

On 17 April 2021, the Group entered into a loan agreement (the "Loan Agreement 2") with an independent third party (the "Borrower"), and a pledge agreement and a guarantee agreement with another independent third party (the "Guarantor"), to provide a loan of HK$22,600,000 (the "Loan 2"), interest bearing at 4.5% per annum for a term of 36 months, and may be extended for 12 months, and may thereafter further be extended for 12 months. The total term of the Loan 2 after extension shall not be longer than 60 months. The Guarantor has provided a personal guarantee to guarantee the Loan 2, and shall pledge a property located in Shanghai, the PRC, with fair value higher than the principal amount of the Loan 2, upon successful registration of the pledge with the relevant governmental authorities in Shanghai, the PRC.

* The English name referred herein represent management's best effort at translating the Chinese name of the company as no English names has been registered.

16 OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2021 *RMB'000* (unaudited)	As at 31 December 2020 *RMB'000* (audited)
Other receivables	**94,051**	91,668
Less: Provision of impairment losses on other receivables	**(88,193)**	(88,281)
	5,858	3,387
Advances to suppliers – third parties	**45,386**	21,113
Total other receivables and prepayment, net	**51,244**	24,500

The carrying amounts of other receivables approximated to their fair values.

17 TRADE PAYABLES

The ageing analysis of trade payables as the end of reporting period, based on invoice date was as follows:

	As at 30 June 2021 *RMB'000* (unaudited)	As at 31 December 2020 *RMB'000* (audited)
0–90 days	**8,631**	–
91–180 days	**–**	–
181–365 days	**–**	–
Over 365 days	**1,310**	1,310
	9,941	1,310

The carrying amounts of trade payables approximated their fair values due to their short-term nature. The balances were denominated in RMB.

18 SHARE CAPITAL AND SHARE PREMIUM

	Authorised Shares of HK$0.1 each
As at 1 January 2020 (unaudited), 31 December 2020 (audited), 1 January 2021 (unaudited) and 30 June 2021 (unaudited)	5,000,000,000

	Number of Shares *Thousands*	**Share Capital** *RMB'000*	**Share Premium** *RMB'000*	**Total** *RMB'000*
As at 1 January 2020 (unaudited), 31 December 2020 (audited), 1 January 2021 (unaudited) and 30 June 2021 (unaudited)	1,620,000	137,361	668,768	806,129

19 DISPOSAL OF SHAANXI JIAHE

On 24 December 2019, Hami Jiatai and an independent third party purchaser (the "Purchaser") entered into the disposal agreement (the "Disposal Agreement"), pursuant to which Hami Jiatai has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, Shaanxi Jiahe Mineral Exploiture Limited ("Shaanxi Jiahe") at the consideration of RMB10,000,000. The Board considered that the disposal of Shaanxi Jiahe allows the Group to better optimise its business portfolio from a risk management perspective, and offers an opportunity for the Group to exit at acceptable terms and reallocate its financial and management resources to other businesses of the Group with a view to generate better return to the shareholders of the Company.

As at 31 December 2019, the Group retained the control over Shaanxi Jiahe as the entire equity interests were not yet transferred to the Purchaser. Shaanxi Jiahe was classified as held for sale as at 31 December 2019 due to the fact that the Board considered the sale is expected to complete within 12 months from the end of the relevant reporting period.

On 23 March 2020, the Group completed the process in relation to the change of shareholders of Shaanxi Jiahe with relevant government authorities and since then, Shaanxi Jiahe has ceased to be the subsidiary of the Company.

Net assets, which were included as assets and liabilities of a disposal group classified as held for sale as at 31 December 2019, at the date of disposal were as follows:

	RMB'000
Cash and cash equivalents	392
Property, plant and equipment	10,361
Mining rights and exploration rights	4,916
Payables to third parties	(368)
Provision for close down, restoration and environmental costs	(2,746)
Payables to the Company and its subsidiaries	(18,634)
Deferred tax liabilities	(2,555)
	(8,634)
Add: Payables to the Company and its subsidiaries	18,634
Net assets disposed of and total consideration – satisfied by cash	10,000
Net cash inflow arising on disposal:	
Cash consideration received	10,000
Cash and cash equivalents disposed of	(392)
	9,608

20 CAPITAL COMMITMENTS

There was no contracted capital expenditure as at 30 June 2021 and 31 December 2020.

21 CONTINGENT LIABILITIES

The Group had contingent liabilities as at 30 June 2021 in respect of:

(a) Environmental contingencies

Historically, the Group has not incurred any significant expenditure for environmental remediation. The Group has made provision for close down, restoration and environmental costs, and the Group is presently not involved in any environmental remediation and has not accrued any amounts for environmental remediation relating to its operations. Under existing legislations, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, may move further towards the adoption of more stringent environmental standards.

Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including but not limited to mines and land development areas, whether operating, closed or sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislations cannot reasonably be estimated at present, and could be material.

(b) Insurance

The Group carries commercial insurance for its employees who work underground for personal injury. However, such insurance may not be sufficient to cover the potential future losses. While the effect of under-insurance on future incidents cannot be reasonably assessed at present, management believes this can have a material adverse impact on the results of operations or the financial position of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group mainly participates in non-ferrous ore mining and processing. The diversified non-ferrous metal minerals covered by the Company's operations include nickel, copper, zinc and lead in Xinjiang Uyghur Autonomous Region ("Xinjiang"), the PRC.

The Company's subsidiaries, Hami Jinhua and Hami Jiatai, own two mining permits and three exploration permits of non-ferrous metals in Xinjiang, the PRC. The mining and exploration tenements and ore processing plants in Xinjiang are located close to the municipal city of Hami county, which is approximately 400 kilometers ("km") southeast of Urumqi, the capital of Xinjiang.

During the Period, the commodities markets continued to be largely influenced by the coronavirus disease ("COVID-19") pandemic. Although the copper showed an inspiring trend, the prices of zinc, nickel and lead dropped sharply around February and March 2021, and even dropped below the last year's end-of-the-year price, despite of the recent recovery of the price.

Meanwhile, despite mainland China recorded a record high GDP growth rate in the first quarter of 2021 after the mainland China's re-opening last year, there was an evidence of the slowdown in economic growth in second half of 2021. With the volatile commodities market due to the COVID-19 pandemic and the decelerating economic growth of mainland China, coupled with the prolonged disputes between China and the United States, there is high uncertainty over the prospect of the commodity market.

Despite the above, the Group was closely monitoring the development and spread of the COVID-19 pandemic, and considering the window to restart its mines production. During the Period, the Group has already been in touch with a potential co-operating party, who has extensive experience in the field, and was under negotiation to look for the opportunities of co-operative exploration in order to materialise the exploration permit in order to provide synergy effects to the Group's existing mining permit and to develop the mines jointly to maximise the economic values of the Group's valuable resources.

Mining permits

Hami Jinhua and Hami Jiatai hold two mining permits, namely No. 20 Mine and Baiganhu Mine. No. 20 Mine produces copper and nickel ores. To meet new requirements of safety production, No. 20 Mine has to upgrade its lifting system before the production can be relaunched. Baiganhu Mine produces lead and zinc ores. The Group is assessing the possibility for the commencement of productions of both mines and will also look for potential partners to jointly develop the mines to capture the economic values of both mines.

Exploration permits

Hami Jiatai holds three exploration permits in Xinjiang, namely Baiganhu Gold, Huangshan and H-989, with minerals covering gold, nickel and copper.

Preliminary exploration and/or drilling plans for such tenements had been considered. Hami Jiatai had conducted some exploration at Baiganhu Gold tenement, and identified the Baiganhu Gold tenement preliminary mineralisation band and the ore deposit. During the first half of the year, the Group conducted further exploration in the Baiganhu Gold tenement and H-989 tenement, the Group considered that it is not economical to carry out further exploration works on its own and decided not to extend the permit. The Group is under negotiation with a potential co-operating party to look for the opportunities of co-operative exploration in order to materialise the exploration permit. The Company has the right to re-activate the permit by submitting feasibility study and has the precedence over the exploration right until it is officially cancelled. Up to the date of this announcement, there is neither public announcement nor official stating that the exploration right is cancelled.

Subject to the market condition and local requirements, the Group will devote reasonable resources and/or co-operate with potential partners to carry out further exploration in order to enrich the resources and reserve bases.

Ore processing plants

Hami Jiatai operates a copper-nickel ore processing plant and Hami Jinhua owns a lead-zinc ore processing plant. Both plants were set up to process the ore extracted from their deposits, and adopt a non-conventional flotation circuit. The throughput capacity of both plants is 1,500 tons per day respectively. Nickel, copper, lead and zinc concentrates are separated and recovered from ore processing for sale. Hami Jiatai and Hami Jinhua did not carry out any mining and processing activities during the Period.

Financial services

On 4 December 2019, the Group entered into the Loan Agreement 1 with an independent third party to provide the Loan 1 of RMB65 million, bearing interest at 7% per annum for a term of 5 months. On 28 February 2020, upon the request of the borrower of the Loan 1 and with the approval of the Board, the Loan 1 was extended for 31 months after the end of the initial 5-month term.

Further details of the Loan and its extension were disclosed in the announcements of the Company dated 4 December 2019 and 28 February 2020.

On 6 January 2020, the Group entered into two separate loan agreements with two independent third parties to provide loans of RMB6 million each. Both loans are interest bearing at 7% per annum for a term of 36 months.

On 17 April 2021, the Group entered into the Loan Agreement 2 with the Borrower, and a pledge agreement and a guarantee agreement with the Guarantor, to provide the Loan 2 of HK$22 million, interest bearing at 4.5% per annum for a term of 36 months, and may be extended for 12 months, and may thereafter further extended for 12 months. The total term of the Loan 2 after extension shall not be longer than 60 months. The Guarantor has provided a personal guarantee to guarantee the Loan 2, and shall pledge a property located in Shanghai, the PRC, with fair value higher than the principal amount of the Loan 2, upon successful registration of the pledge with the relevant governmental authorities in Shanghai, the PRC.

To the best of the knowledge of the Company, such two borrowers, the borrower of the Loan 1 and the Borrower were not related to and were independent of one another.

Revenue of approximately RMB2.8 million (2020: RMB2.9 million) was generated by the financial services segment during the Period.

Trading business

During the Period, the Group carried out the coal trading business through three newly established indirect subsidiaries, Changzhi Runce, Gujiao Runce and Ningbo Runce. The customers of this business segment are mainly local coal traders and energy companies.

During the Period, there was a sign of recovery of economic activities from the COVID-19 pandemic in the PRC, and resulted in an increase in demand for the commodities as compared with the Prior Period. The business activities of the Group's trading business recorded a sound improvement during the Period.

The trading business segment has contributed RMB455.1 million (2020: RMB14.6 million) to the Group's revenue during the Period.

RESULTS REVIEW

Revenue and gross profit

During the Period, the revenue increased by over 25 folds to approximately RMB457.9 million from approximately RMB17.5 million for the Prior Period. The increase was mainly attributable to the RMB440.5 million increase in revenue generated from the trading of coal.

The cost of sales was approximately RMB452.4 million for the Period, as compared with approximately RMB15.7 million in the Prior Period, representing a year-on-year increase of approximately 27 folds. The increase was in line with the revenue growth and was mainly contributed by the trading of coal during the Period.

The gross profit tripled during the Period from approximately RMB1.8 million for the Prior Period to approximately RMB5.5 million for the Period. The gross profit margin decreased to 1.2% during the Period from 10.3% during the Prior Period. The increase in the gross profit and the decrease in gross profit margin were mainly contributed by the increase in the contribution from trading of coal business, which had lower profit margin during the Period.

During the Period, the Group has already been in touch with a potential co-operating party, who has extensive experience in the field, and was under negotiation to look for the opportunities of co-operative exploration in order to materialise the exploration permit of the Group in order to provide synergy effects to the Group's existing mining permit and to develop the mines jointly to maximise the economic values of the Group's valuable resources.

Administrative expenses

Administrative expenses for the Period, which included mainly depreciation charges, professional fees, staff costs and office overheads, amounted to approximately RMB10.7 million (2020: RMB10.9 million).

Other gains

Other gains for the Period of approximately RMB0.6 million, mainly represented the interest income earned from the Group's financial assets at fair value through other comprehensive income.

Finance income – net

Finance income of approximately RMB52 thousand (2020: RMB0.6 million) during the Period mainly represented interest income earned from the Group's cash at bank, netted by interest expenses.

Income tax expense

During the Period, income tax expense was approximately RMB1.3 million (2019: RMB0.2 million). It mainly represents the tax provision for operations in the PRC during the Period. No provision for profits tax in Hong Kong was made during the Period.

Operating loss

The revenue and the corresponding operating results were mainly contributed by the segments below, excluding corporate expenses, for the Period and the Prior Period.

	For the Period			For the Prior Period		
	Revenue	Segment result	Operating (loss)/profit margin	Revenue	Segment result	Operating (loss)/profit margin
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*
Trading of coal	455,104	3,376	0.7%	14,611	(27)	(0.2%)
Interest income from financial services	2,789	(3,438)	(>100%)	2,888	1,451	50.2%
Mining	–	(2,270)	N/A	–	(2,092)	N/A
Unallocated	–	(2,303)	N/A	–	(4,532)	N/A
Total	457,893	(4,635)	(1.0%)	17,499	(5,200)	(29.7%)

SIGNIFICANT INVESTMENTS HELD

There were no significant investments held by the Group as at 30 June 2021 and 2020.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Period, there were no other material acquisitions and disposals.

LIQUIDITY AND FINANCIAL REVIEW

The Group financed its day to day operations by internally generated cash flows during the Period. Primary uses of funds during the Period was mainly the payment of operating expenses. As at 30 June 2021, the Group had current assets of approximately RMB197.0 million (31 December 2020: RMB209.8 million) and current liabilities of approximately RMB43.6 million (31 December 2020: RMB31.0 million). The current ratio for the Group, being total current assets to total current liabilities, was 4.5 and 6.8 as at 30 June 2021 and 31 December 2020 respectively.

As at 30 June 2021 and 31 December 2020, there were no outstanding interest-bearing bank loan and other borrowings.

As at 30 June 2021, the Group maintained bank and cash balances of approximately RMB135.6 million (31 December 2020: RMB169.1 million).

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

FOREIGN EXCHANGE RISK EXPOSURE

The Group's businesses are mainly conducted in RMB. The Group has not experienced any material difficulties with its operations or liquidity as a result of fluctuations in currency exchange rates during the Period. The Group currently has not engaged in hedging activities against foreign exchange risk exposure, as it believes that the cost associated with such hedging arrangements would exceed the benefits. However, management will continue to monitor the relevant circumstances and may take such measures if it deems prudent.

GEARING RATIO

Gearing ratio of the Group is calculated based on net debt divided by total capital. Net debt is calculated based on total interest-bearing borrowings (including current and non-current borrowings) less cash and cash equivalents. Total capital is calculated based on total equity plus net debt. As at 30 June 2021, the gearing ratio was 0% (31 December 2020: 0%).

CHARGES ON COMPANY'S ASSETS, COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed in note 20 to the interim condensed consolidated financial statements of the Company, the Group had no other contracted capital expenditure, commitments and charge on the Company's assets as at 30 June 2021 and 31 December 2020.

The Group may be subject to new environmental laws and regulations that may result in contingent liabilities for the Group in the future. The Group may also be subject to the effect of underinsurance on future accidents incurred by the employees. Such (i) new environmental laws and regulations; and (ii) underinsurance on the employees may lead to additional costs and liabilities on the Group.

Save as disclosed above and in note 21 to the interim condensed consolidated financial statements of the Company, the Group had no material contingent liability as at 30 June 2021 and 31 December 2020.

DIVIDEND

The Directors do not recommend the payment of any interim dividend in respect of the Period (The Prior Period: nil).

HUMAN RESOURCES AND SHARE OPTION SCHEME

As at 30 June 2020, the Group employed 61 employees (31 December 2020: 33). The total staff costs (including Directors' emoluments) for the Period were approximately RMB4.7 million (The Prior Period: RMB4.3 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 Company's share option scheme at the discretion of the Board. No share option was outstanding as at 30 June 2021. During the Period, no share option was granted, exercised, cancelled, lapsed or forfeited.

FUTURE OUTLOOK AND PROSPECTS

Though a global economic recovery is in sight, the Group expects that 2021 will continue to be a challenging year due to the persistent epidemic effect across the globe, it is difficult to predict how long it will last. The market currently took a wait-and-see attitude to the epidemic effect. The COVID-19 pandemic caused volatility to the commodities market and the commodities' price that the Group concerns dropped sharply around February and March 2021 despite of the recent recovery of the price.

Meanwhile, despite mainland China recorded a record high GDP growth rate in the first quarter of 2021 after the mainland China's re-opening last year, there was an evidence of the slowdown in economic growth in second half of 2021.

With the volatile commodities market due to the COVID-19 pandemic and the decelerating economic growth of mainland China, coupled with the prolonged disputes between China and the United States, there is high uncertainty over the prospect of the commodity market.

The Group will pay continuous attention on the situation of the COVID-19 pandemic and react actively to its impact on the financial position and operating results of the Group. At the same time, the Group will also continue to, while mitigating the risk associated with external economic and business risk, study the feasibility of resuming the productions for the mines owned by the Group with the expectation in capitalising on China's economic growth in the future.

During the Period, the results of the Group's trading of coal segment were exciting, in which over RMB0.4 billion of revenue was recorded as compared with only approximately RMB14 million was recorded in the Prior Period. Meanwhile, the financial service segment continued to provide stable source of revenue to the Group. This evidenced the successful mitigation of the Group's business risk through diversification of businesses and broadening of its income streams.

Currently, the Group is actively exploring the potential to fully utilise the Group's expertise and network in the industry through widening the scope of trading business to coal. This is part of the Group's ongoing move to strengthen its diverse businesses with the aim of broadening its income streams and minimising the impact of the adverse commodities market conditions on the Group's overall business performance. This strategy is expected to improve the Group's operating conditions, optimise business structure, exploit new earnings growth points, and drive sustainable and quality development of the Group's business.

Looking ahead, the Board remains prudent and optimistic about the prospects of our core businesses, including the mining business, the financial services business and the trading of coal business. The Group will follow a very cautious approach to ensure corporate sustainability in 2021. The Group is currently in touch with a potential co-operating party, who has extensive experience in the field, to look for the opportunities of co-operative exploration in order to materialise the exploration permit in order to provide synergy effects to the Group's existing mining permit and to develop the mines jointly to maximise the economic values of the Group's valuable resources.

The Group will also continue to explore the possibility of developing other quality projects or opportunities with promising prospects to formulate a business configuration with its existing segments and to diversify the Group's businesses, both business segments and locations. The Company will do its best to carry out more active operation and explore opportunities for potential acquisition to capture the market opportunities in the PRC and to diversify the Group's business and broaden its revenue base.

SHARE OPTION SCHEME

The old share option scheme, which was adopted by the Company on 16 December 2011, was terminated upon the conclusion of the annual general meeting of the Company that was held on 28 May 2021 (the "AGM") and no share options can be further granted under the old share option scheme. A new share option scheme (the "Share Option Scheme") was adopted by the shareholders of the Company at the AGM. The Share Option Scheme shall continue in force for a period commencing from the date of adoption of the Share Option Scheme (the "Date of Adoption"), which is 28 May 2021, and expiring at the close of business on the which falls ten (10) years after the Date of Adoption (that is from 28 May 2021 to 27 May 2031).

The purpose of the Share Option Scheme is to enable the Company to grant Options to select Eligible Participants (as defined below) as incentives or rewards for their contribution or potential contribution to the Group and to enable the Group to recruit and retain high-calibre persons and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest (the "Invested Entity").

The Share Option Scheme intends to cover eligible participants (the "Eligible Participants") including (i) any directors, whether executive or non-executive and whether independent or not, of the Group or any Invested Entity; (ii) any full time or part time employees of the Group or any Invested Entity; (iii) any shareholders of any members of the Group or any Invested Entity or any holders of any securities issued by any member of the Group or any Invested Entity; and (iv) any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group or any Invested Entity.

The subscription price for shares of the Company (the "Share(s)") under the Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the date on which an offer(s) (the "Offer(s)") of the grant of an option(s) to Eligible Participant(s) to subscribe for Share(s) under the Share Option Scheme (the "Option") is/are made to an Eligible Participant(s) (the "Offer Date"), which must be a day on which the Stock Exchange is open for the business of dealing in securities listed thereon ("Business Day"); (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and (iii) the nominal value of the Share on the Offer Date.

An offer of the grant of an Option shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of twenty-one (21) days inclusive of, from the date upon which it is made provided that no such offer shall be open for acceptance after the earlier of the 10th anniversary of the Date of Adoption or the termination of the Share Option Scheme or the Eligible Participant to whom such offer is made has ceased to be an Eligible Participant. A non-refundable nominal consideration of HK$1.00 is payable by the grantee upon acceptance of an Option.

The total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the Shares in issue as at the date of the approval of the Share Option Scheme (the "Scheme Mandate Limit"), unless approval from shareholders of the Company (the "Shareholder(s)") has been obtained. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. The Company may refresh the Scheme Mandate Limit at any time subject to approval of the Shareholders in general meeting, provided that the Scheme Mandate

Limit as refreshed must not exceed 10% of the Shares in issue as at the date of passing the relevant resolution. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating this limit.

The total number of shares available for issue under the Share Option Scheme is 162,000,000 Shares, representing approximately 10% of the total number of Shares in issue as at the date of passing of an ordinary resolution by the Shareholders at the AGM to approve the adoption of the Share Option Scheme.

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Participant or grantee (including exercised and outstanding options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the Shares in issue. The overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30 per cent. of the relevant class of Shares in issue from time to time.

As at 30 June 2021, there were no outstanding share options and no share options were granted, exercised or cancelled or lapsed during the Period. Further details of the Share Option Scheme are set out in the circular of the Company dated 23 April 2021.

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.

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

Pursuant to the Loan Agreement 1 and a mortgage agreement entered between Runxi Energy, one of the subsidiaries of the Group, and Beijing Fengwo dated 4 December 2019, The Group agreed to provide the Loan 1 of RMB65 million, bearing interest at 7% per annum for a term of 5 months to Beijing Fengwo. Beijing Fengwo has pledged its properties located in Beijing, the PRC, with fair value higher than the loan principal amount. On 28 February 2020, the Board approved the extension of the term of the Loan 1 to 5 December 2022 (in respect of RMB45 million drawn down on 5 December 2019) and 6 December 2022 (in respect of RMB20 million drawn down on 6 December 2019).

During the Period and as at 30 June 2021, the principal amount of the Loan 1 represents more than 8% of the assets ratio defined under Rule 14.07(1) of the Listing Rules. Accordingly, the advance to Beijing Fengwo triggered a general disclosure obligation under Rule 13.13 of the Listing Rules and the continuing disclosure requirement under Rule 13.20 of the Listing Rules. As at 30 June 2021, the Loan 1 was secured by properties located in Beijing, the PRC owned by Beijing Fengwo, and the balance of the Loan 1 and the interest outstanding and accrued were RMB65 million and RMB2.5 million respectively. Pursuant to the Loan Agreement 1, the principal amount of the Loan 1 is repayable at maturity, and the interest then accrued and outstanding is repayable on an annual basis during the term of the Loan 1 from the date of drawdown.

APPOINTMENT OF AN EXECUTIVE DIRECTOR

Mr. Ye Xin ("Mr. Ye") was appointed as an executive Director on 12 July 2021. Details of the appointment and the biography of Mr. Ye were set out in the announcement of the Company dated 12 July 2021. Mr. Ye has 35,000,000 Shares, which account for approximately 2.16% of the Company's issued share capital through Prosper Union Holdings Limited, a company wholly-owned by Mr. Ye, as at the date of this announcement.

EVENTS AFTER REPORTING PERIOD

Save as disclosed elsewhere in this announcement, there was no material events occurred after the end of the reporting period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 which adopted practices that meet the requirements of the Corporate Governance Code (the "Code") set out in Appendix 14 of the Listing Rules during the Period, with the following exceptions:

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the Period, Ms. Xiang Siying was the chairlady of the Company while the Company does not maintain the office of chief executive officer and the duties of chief executive officer have been taken up by other executive Directors and senior management of the Company.

Under code provision A.4.1 of the Code, non-executive Directors should be appointed for a specific term, subject to re-election. Except for Mr. Chan Ping Kuen and Mr. Cao Ye who are appointed for a term of three years, all other non-executive Directors of the Company were not appointed for a specific term but 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") for directors' securities transactions. Having made specific enquiry of all Directors, all Directors have complied with the required standard set out in the Model Code throughout the Period.

REVIEW BY AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in accordance with the requirements of the Code, for the purposes of, among other things, reviewing and providing supervision over the Group's financial reporting process, internal controls and risk management systems. The Audit Committee comprises three independent non-executive Directors. The Audit Committee has reviewed the interim results for the Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.huili.hk. The interim report of the Company for the six months ended 30 June 2021 containing all the information as required by the Listing Rules will be despatched to the shareholders of the Company and made available for review on the same websites in due course.

By order of the Board
Huili Resources (Group) Limited
Xiang Siying
Chairlady

Hong Kong, 31 August 2021

As at the date of this announcement, the executive Directors are Mr. Ye Xin, Ms. Wang Qian and Mr. Zhou Jianzhong; the non-executive Director is Mr. Cao Ye; and the independent non-executive Directors are Ms. Xiang Siying, Ms. Huang Mei and Mr. Chan Ping Kuen.