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**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)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO ACQUISITION OF 95% EQUITY INTEREST IN  
SHANXI FANPO CLEAN ENERGY TECHNOLOGY  
COMPANY LIMITED#**

**THE ACQUISITION**

On 29 November 2021 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor in relation to the Acquisition of 95% equity interest in the Target Company at the Consideration to be determined based on the valuation of the net assets value of the Target Company to be performed by the Valuer, which shall not in any event be more than RMB11,000,000 (equivalent to approximately HK\$13,420,000).

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Acquisition is 5% or more but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company and is therefore subject to reporting and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## THE ACQUISITION

On 29 November 2021 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement in relation to the Acquisition of 95% equity interest in the Target Company at the Consideration to be determined based on the appraised value of the net assets of the Target Company as set out in the valuation report to be prepared by the Valuer on asset-based approach, which shall not in any event be more than RMB11,000,000 (equivalent to approximately HK\$13,420,000).

Details of the Sale and Purchase Agreement are set out below:

**Date** : 29 November 2021

**Parties** : (i) Mr. Cui Huike (崔慧科), as vendor; and  
(ii) Changzhi Runce Trading Company Limited# (長治市潤策貿易有限公司), as purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is an Independent Third Party.

**Subject matter** : Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell 95% of the equity interest in the Target Company at the Consideration.

**Conditions precedent** : Completion of the Acquisition shall be conditional upon and subject to the fulfillment of the following conditions:

- (i) the Purchaser having completed the financial and legal due diligence review on the Target Company, with results satisfactory to the Purchaser; and
- (ii) each of the Vendor and the Purchaser having obtained all necessary approval, consent, permission and recognition in relation to the transactions and other matters contemplated under the Sale and Purchase Agreement, including but not limited to approval for inbound capital transfer, approval from the relevant government authorities on commerce and foreign exchange, the approval from the Board, and the approval from the Stock Exchange or other relevant regulatory authority (if necessary).

**Consideration** : The amount of the Consideration shall be determined based on the appraised value of the net assets of the Target Company as set out in the valuation report to be prepared by the Valuer on asset-based approach, which shall not in any event be more than RMB11,000,000 (equivalent to approximately HK\$13,420,000).

The Consideration shall be settled by way of bank transfer to the bank account designated by the Vendor within ten working days from the fulfillment of the following conditions (or being waived by the Purchaser):

- (i) the register of members of the Target Company having been updated showing the Purchaser as the owner of 95% equity interest in the Target Company;
- (ii) the members' resolution of the Target Company approving the Acquisition having been passed and the other existing member of the Target Company having waived its first right of refusal in relation to the sale and purchase of 95% equity interest in the Target Company;
- (iii) the new articles of association of the Target Company having been signed by all relevant parties;
- (iv) the person(s) nominated or designated by the Purchaser having been appointed as the director(s) of the Target Company; and
- (v) the registration with the Administration for Industry and Commerce in relation to the Acquisition having been completed.

The Consideration will be financed by the internal resources of the Group.

## INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability. As at the date of this announcement, the Target Company has registered capital in the amount of RMB10,526,000, among which of RMB10,526,000 has been paid-up. As at the date of this announcement, the equity interest in the Target Company is owned as to 95% by the Vendor and as to 5% by Taiyuan Huimiao Technology Company Limited# (太原匯淼科技有限公司). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Taiyuan Huimiao Technology Company Limited# (太原匯淼科技有限公司) and its ultimate beneficial owner, Wu Hao (昊昊), is an Independent Third Party.

The Target Company is principally engaged in the sales of coal, and the operation of coal washery. The Target Company is in the course of constructing a coal washery in Changzhi city, Shanxi Province, the PRC and is currently one of our coal suppliers. The Target Company has an outstanding capital commitment of approximately RMB19,228,000 (equivalent to approximately HK\$23,458,000) as at 31 October 2021. The Company intends to finance the capital commitment by the internal financial resources of the Group. The coal washery is set up to remove impurities in raw coal, and to classify high-quality coal and inferior coal to improve coal utilization efficiency and reduce coal pollutant emission. The coal washery is designed to have a maximum throughput capacity of approximately 20,000 tons per day.

Set out below is a summary of the key financial information of the Target Company as extracted from the unaudited management account of the Target Company for the two years ended 31 December 2020:

	For the year ended 31 December	
	2019	2020
	RMB	RMB
	(unaudited)	(unaudited)
Revenue	–	1,867,489
Net loss before tax	(28,651)	(7,357,885)
Net loss after tax	(28,651)	(7,357,886)

As at 31 October 2021, the unaudited net assets of the Target Company based on the unaudited management accounts of the Target Company was approximately RMB11,543,000 (equivalent to approximately HK\$14,082,460).

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is 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.

Given that the Acquisition would allow the Group to move upstream in the coal industry, broaden the Group's source of income and diversify its business portfolio, and having considered that the Consideration will be based on the appraised value of the net assets of the Target Company, the Directors (including the independent non-executive Directors) consider that the Acquisition is in the interests of the Company and the Shareholders as a whole and the terms thereof are on normal commercial terms, fair and reasonable.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Acquisition is 5% or more but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company and is therefore subject to reporting and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meaning:

“Acquisition”	the acquisition of 95% equity interest in the Target Company at the Consideration pursuant to the Sale and Purchase Agreement
“Board”	board of Directors
“Company”	Huili Resources (Group) Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1303)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration for the Acquisition, which shall be determined based on the appraised value of the net assets of the Target Company as set out in the valuation report to be prepared by the Valuer on asset-based approach, which shall not in any event be more than RMB11,000,000 (equivalent to approximately HK\$13,420,000)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Changzhi Runce Trading Company Limited# (長治市潤策貿易有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 29 November 2021 and entered into between the Vendor as vendor and the Purchaser as purchaser in relation to the Acquisition
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shanxi Fanpo Clean Energy Technology Company Limited# (山西反坡清潔能源科技有限公司), a company established in the PRC with limited liability
“Valuer”	Masterpiece Valuation Advisory Limited (睿力評估諮詢有限公司), an independent valuer
“Vendor”	Mr. Cui Huike (崔慧科)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

“%” per cent.

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

Hong Kong, 29 November 2021

*For the purpose of this announcement, unless otherwise indicated, conversion of Renminbi into Hong Kong dollars is calculated at the approximate exchange rate of RMB1.00 to HK\$1.22. This exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.*

# *the English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

*As at the date of this announcement, the executive Directors are Mr. Cui Yazhou, Ms. Wang Qian, Mr. Ye Xin 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.*