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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "Board") of directors (the "Director(s)") of Huili Resources (Group) Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2022, together with comparative figures for the previous financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	**2022** *RMB'000*	2021 *RMB'000*
Revenue	3	**2,015,009**	1,470,396
Cost of sales		**(1,803,179)**	(1,459,741)
Gross profit		**211,830**	10,655
Administrative expenses		**(22,873)**	(21,002)
Other operating gains/(losses)		**4,748**	(4,201)
Other gains – net	4	**18,930**	198
Fair value changes of financial assets at fair value through profit or loss ("FVTPL")		**(1,573)**	–
Gain on bargain purchases on acquisition of a subsidiary		**3,081**	–

	Note	**2022**	2021
		RMB'000	*RMB'000*
Operating profit/(loss)		**214,143**	(14,350)
Finance income	5	**1,901**	480
Finance costs	5	**(403)**	(173)
Finance income – net	5	**1,498**	307
Profit/(loss) before income tax	7	**215,641**	(14,043)
Income tax expense	6	**(34,963)**	(2,716)
Profit/(loss) for the year		**180,678**	(16,759)
Profit/(loss) for the year attributable to:			
Equity holders of the Company		**180,844**	(16,685)
Non-controlling interests		**(166)**	(74)
Profit/(loss) for the year		**180,678**	(16,759)
Other comprehensive loss after tax:			
Items that may be subsequently reclassified to profit or loss:			
Fair value changes of financial assets (debts instruments) at fair value through other comprehensive income ("FVTOCI")		**(1,910)**	(546)
Other comprehensive loss for the year, net of tax		**(1,910)**	(546)
Total comprehensive income/(loss) for the year		**178,768**	(17,305)
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		**178,934**	(17,231)
Non-controlling interests		**(166)**	(74)
Total comprehensive income/(loss) for the year		**178,768**	(17,305)
Earnings/(loss) per share attributable to the equity holders of the Company			
– Basic and diluted *(RMB cents)*	9	**11.2**	(1.0)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	**2022** *RMB'000*	2021 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**138,995**	57,878
Mining rights		**94,538**	94,538
Right-of-use assets		**10,339**	9,781
Loan receivables	10	**–**	29,563
Financial assets at FVTOCI		**11,305**	15,462
Deposit paid for acquisition of a subsidiary		**–**	9,599
Deferred tax assets		**7,942**	–
Total non-current assets		**263,119**	216,821
Current assets			
Inventories		**5,129**	–
Trade and bills receivables	11	**183,893**	5,885
Loan receivables	10	**–**	63,097
Other receivables and prepayments	12	**31,947**	36,917
Financial assets at FVTPL		**15,000**	–
Cash and cash equivalents		**369,309**	235,866
Total current assets		**605,278**	341,765
Total assets		**868,397**	558,586
LIABILITIES			
Current liabilities			
Trade payables	13	**167,354**	77,445
Other payables and accruals		**57,187**	29,903
Contract liabilities		**12,530**	26,129
Lease liabilities		**589**	1,430
Current tax liabilities		**22,151**	2,632
Total current liabilities		**259,811**	137,539
Net current assets		**345,467**	204,226

	2022	2021
	RMB'000	*RMB'000*
Non-current liabilities		
Lease liabilities	**2,361**	488
Provision for close down, restoration and environmental costs	**3,106**	2,994
Deferred tax liabilities	**31,372**	25,253
Total non-current liabilities	**36,839**	28,735
Total liabilities	**296,650**	166,274
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	**137,361**	137,361
Share premium	**668,768**	668,768
Other reserves	**1,277**	(10,320)
Accumulated losses	**(234,886)**	(402,223)
	572,520	393,586
Non-controlling interests	**(773)**	(1,274)
Total equity	**571,747**	392,312
Total equity and liabilities	**868,397**	558,586

1 GENERAL INFORMATION

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 in preparation for a listing (the "Listing") of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") under the name of Realty Resources (Group) Limited. On 13 May 2010, the Company changed its name to Huili Resources (Group) Limited. The Company's shares were listed on the Main Board of the Stock Exchange on 12 January 2012. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. 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. With effect from 14 March 2023, the registered office and the principal place of business of the Company is changed to Unit No. 4, 23/F, Overseas Trust Bank Building, No. 160 Gloucester Road, Hong Kong.

The Company is an investment holding company and its subsidiaries (collectively the "Group") are principally engaged in the mining, ore processing and sales of nickel, copper, lead and zinc products, financial services, trading of coal, provision of coal processing services and service supply chain in the People's Republic of China (the "PRC").

The consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board on 28 March 2023.

2 ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) 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 the consolidated financial statements.

HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
HKFRS 3 (Amendments)	Conceptual Framework for Financial Reporting
HKFRS 16 (Amendments)	Covid-19 Related Rent Concessions
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 Cycle

The Group concluded that the application of the new and revised HKFRSs and the amendments to HKFRSs in the current year has had no material impact on the amounts reported and/or disclosures set out in the consolidated financial statements.

(b) New standards and amendments to standards issued but not yet effective for the accounting period beginning on 1 January 2022 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)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HK – Int 5	Amendments to HKAS 1	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current	1 January 2024
HKAS 1	Non-current Liabilities with Covenants	1 January 2024
HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
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.

3 SEGMENT INFORMATION

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

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

During the year, the Group had three operating and 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 "Coal business" segment engages in (i) the trading of coal through Changzhi Runce Trading Company Limited* ("Changzhi Runce"), Hainan Runce Energy Co., Ltd.* ("Hainan Runce"), Gujiao Runce Trading Company Limited* ("Gujiao Runce") and Ningbo Runce Trading Company Limited* ("Ningbo Runce"), (ii) the provision of coal processing business through Shanxi Fanpo Clean Energy Technology Company Limited* ("Shanxi Fanpo") and (iii) the coal service supply chain through Runce Supply Chain Management (Shenzhen) Co., Ltd* ("Shenzhen Runce") in the PRC; and

(c) the "Financial services" segment engages in financial services through Runxi Energy Technology (Shanghai) Company Limited ("Runxi Energy") in the PRC.

Apart from the above three 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 the disclosures in the consolidated financial statements.

The CODM assesses the performance of the operating segments based on operating results. Interest income and expenditure at the level of the Group are not allocated to any 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.

* The English names referred to herein represents the management's best effort at translating the Chinese names of the companies as no English names have been registered.

(a) The segment information provided to the CODM for the reportable segments for each of the years ended and as at 31 December 2022 and 2021 is as follows:

	2022					2021				
	Mining	**Coal business**	**Financial services**	**Unallocated**	**Total**	Mining	Coal business	Financial services	Unallocated	Total
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December										
Segment Revenue										
– Sales of mining products	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
– Trading of coal	**–**	**1,822,603**	**–**	**–**	**1,822,603**	–	1,464,730	–	–	1,464,730
– Provision of coal processing services	**–**	**65,260**	**–**	**–**	**65,260**	–	–	–	–	–
– Coal service supply chain	**–**	**121,383**	**–**	**–**	**121,383**	–	–	–	–	–
– Interest income from financial services	**–**	**–**	**5,763**	**–**	**5,763**	–	–	5,666	–	5,666
	–	**2,009,246**	**5,763**	**–**	**2,015,009**	–	1,464,730	5,666	–	1,470,396
Segment operating (loss)/profit	**(3,238)**	**210,718**	**7,804**	**–**	**215,284**	(3,635)	3,859	2,206	–	2,430
Unallocated operating loss *(Note (a))*	**–**	**–**	**–**	**(1,141)**	**(1,141)**	–	–	–	(16,780)	(16,780)
Operating (loss)/profit	**(3,238)**	**210,718**	**7,804**	**(1,141)**	**214,143**	(3,635)	3,859	2,206	(16,780)	(14,350)
Segment finance income	**1**	**1,006**	**25**	**–**	**1,032**	–	391	17	–	408
Unallocated	**–**	**–**	**–**	**869**	**869**	–	–	–	72	72
Finance income	**1**	**1,006**	**25**	**869**	**1,901**	–	391	17	72	480
Segment finance costs	**(112)**	**(246)**	**–**	**–**	**(358)**	(112)	–	–	–	(112)
Unallocated	**–**	**–**	**–**	**(45)**	**(45)**	–	–	–	(61)	(61)
Finance costs	**(112)**	**(246)**	**–**	**(45)**	**(403)**	(112)	–	–	(61)	(173)
Income tax (credit)/expense	**(54)**	**33,795**	**1,222**	**–**	**34,963**	(53)	1,481	1,288	–	2,716
Segment depreciation	**2,676**	**5,905**	**–**	**–**	**8,581**	2,402	–	–	–	2,402
Unallocated	**–**	**–**	**–**	**1,609**	**1,609**	–	–	–	1,867	1,867
Depreciation	**2,676**	**5,905**	**–**	**1,609**	**10,190**	2,402	–	–	1,867	4,269

	2022					2021				
	Mining	**Coal business**	**Financial services**	**Unallocated**	**Total**	Mining	Coal business	Financial services	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation of property, plant and equipment	**2,433**	**5,777**	**–**	**226**	**8,436**	2,159	–	–	258	2,417
Depreciation of right-of-use assets	**243**	**128**	**–**	**1,383**	**1,754**	243	–	–	1,609	1,852
Gain on disposal of property, plant and equipment	**–**	**–**	**–**	**–**	**–**	–	–	–	(422)	(422)
(Reversal of expected credit losses ("ECLs"))/ECLs on financial assets	**(141)**	**(1,484)**	**(2,812)**	**(311)**	**(4,748)**	375	2,437	2,069	(680)	4,201
Additions of non-current assets	**–**	**91,865**	**–**	**–**	**91,865**	–	–	–	–	–
As at 31 December										
Segment assets	**164,341**	**472,187**	**87,224**	**–**	**723,752**	167,005	171,587	81,316	–	419,908
Unallocated assets *(Note (b))*	**–**	**–**	**–**	**144,645**	**144,645**	–	–	–	138,678	138,678
Total	**164,341**	**472,187**	**87,224**	**144,645**	**868,397**	167,005	171,587	81,316	138,678	558,586
Segment liabilities	**41,989**	**251,222**	**1,516**	**–**	**294,727**	42,095	119,672	1,561	–	163,328
Unallocated liabilities *(Note (c))*	**–**	**–**	**–**	**1,923**	**1,923**	–	–	–	2,946	2,946
Total	**41,989**	**251,222**	**1,516**	**1,923**	**296,650**	42,095	119,672	1,561	2,946	166,274

Notes:

(a) Unallocated operating loss for the year ended 31 December 2022 mainly represented fair value changes of financial assets at FVTPL, and administrative and professional services expenses netted with unrealised foreign exchange gain incurred by the Company, while the unallocated operating loss for the year ended 31 December 2021 mainly represented unrealised foreign exchange loss, administrative and professional services expenses incurred by the Company, as well as the administrative expenses incurred by Yonghe County Changshi Engineering Service Company Limited*.

(b) Unallocated assets as at 31 December 2022 mainly represented the right-of-use assets, financial assets at FVTOCI and financial assets at FVTPL, other receivables and the bank deposits held by the Company, while the unallocated assets as at 31 December 2021 mainly represented the right-of-use assets, financial assets at FVTOCI, other receivables and the bank deposits held by the Company.

(c) Unallocated liabilities mainly represented other payables and accruals and lease liabilities of the Company as at both 31 December 2022 and 31 December 2021.

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

(b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing on revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segment.

For the year ended 31 December 2022

	Coal business
	RMB'000
Primary geographical markets	
The PRC	**2,009,246**
Major products and services	
Trading of coal	**1,822,603**
Provision of coal processing services	**65,260**
Coal service supply chain	**121,383**
	2,009,246
Timing of revenue recognition	
At a point in time	**2,009,246**

For the year ended 31 December 2021

	Coal business
	RMB'000
Primary geographical markets	
The PRC	1,464,730
Major products and services	
Trading of coal	1,464,730
Provision of coal processing services	–
Coal service supply chain	–
	1,464,730
Timing of revenue recognition	
At a point in time	1,464,730

(c) Geographic information

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

	Revenue from external customers (by customer location)		**Specified non-current assets (by location of asset)**	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**2,014,276**	1,469,869	**243,184**	159,901
Hong Kong Special Administrative Region, the PRC ("Hong Kong")	**733**	527	**688**	2,296
	2,015,009	1,470,396	**243,872**	162,197

(d) Information about major customers

	Segment	**Year ended 31 December**	
		2022	2021
		RMB'000	*RMB'000*
Customer A	Coal business	**N/A#**	180,119

The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4 OTHER GAINS – NET

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Foreign exchange gains/(losses), net *(Note)*	**11,435**	(3,726)
Rental income	**–**	946
Interest income on financial assets at FVTOCI	**914**	1,082
(Loss)/gain on redemption of financial assets at FVTOCI	**(132)**	566
Gain on disposal of property, plant and equipment *(Note 7)*	**–**	422
Dividend income on financial assets at FVTPL	**43**	–
Government subsidies *(Note i)*	**3,587**	–
Penalty income from customers	**2,719**	–
Others	**364**	908
	18,930	198

Note:

(i) Amounts are mainly related to unconditional government subsidies received by the Group from relevant government bodies for the purpose of giving incentive to enterprises, including but not limited to refund of taxes.

5 FINANCE INCOME – NET

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Finance income		
Interest income	**1,901**	480
Finance costs		
Interest expenses		
– Interest on lease liabilities *(Note 7)*	**(291)**	(61)
– Unwinding of discount – provision for close down, restoration and environmental costs	**(112)**	(112)
	(403)	(173)
Finance income – net	**1,498**	307

6 INCOME TAX EXPENSE

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Current tax – PRC Enterprise Income Tax		
– provision for the year	**35,485**	2,744
– under provision in prior years	**106**	25
Deferred tax	**(628)**	(53)
Income tax expense	**34,963**	2,716

7 PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging/(crediting):

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Cost of inventories recognised as expense	**1,760,641**	1,456,594
Depreciation of property, plant and equipment *(Note (a))*	**8,436**	2,417
Depreciation of right-of-use assets	**1,754**	1,852
Gain on disposal of property, plant and equipment *(Note 4)*	**–**	(422)
(Reversal of ECLs)/ECLs on financial assets *(Note (b))*	**(4,748)**	4,201
Interest on lease liabilities *(Note 5)*	**291**	61
Short-term leases expenses	**5**	553
Employee costs	**59,509**	8,989
Auditor's remuneration		
– annual audit	**1,074**	913
– others	**172**	166
Foreign exchange (gains)/losses, net *(Note 4)*	**(11,435)**	3,726

Notes:

(a) Included in cost of sales and administrative expenses in the consolidated statement of comprehensive income.

(b) Included in other operating gains/(losses) in the consolidated statement of comprehensive income.

8 DIVIDEND

The Directors did not propose any payment of dividend to the Company's shareholders for the years ended 31 December 2022 and 2021.

9 EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is calculated by dividing:

- the profit/(loss) for the year attributable to the equity holders of the Company
- by weighted average number of ordinary shares in issue during the financial year

	2022	2021
	RMB'000	*RMB'000*
Profit/(loss) for the year attributable to equity holders of the Company	**180,844**	(16,685)
	Number of shares	Number of shares
	'000	*'000*
Weighted average number of ordinary shares in issue	**1,620,000**	1,620,000
Basic and diluted earnings/(loss) per share *(RMB cents)*	**11.2**	(1.0)

Diluted earnings/(loss) per share was equal to basic earnings/(loss) per share as there was no potential share outstanding for the each of the years ended 31 December 2022 and 2021.

10 LOAN RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Loans to third parties *(Note (a))*	**–**	95,457
	–	95,457
Less: ECLs of loan receivables *(Note (b))*	**–**	(2,797)
	–	92,660
Representing:		
– Non-current	**–**	29,563
– Current	**–**	63,097
	–	92,660

Notes:

(a) 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 another independent third party (the "Borrower"), and a pledge agreement and a guarantee agreement with an individual (the "Guarantor"), to provide a loan (the "Loan 2") of HK$22,600,000, interest bearing at 4.5% per annum for a term of 36 months, and may be extended for 12 months, and may thereafter be further extended for 12 months. The total term of the Loan 2 after extension shall not be longer than 60 months. The Guarantor has provided a personal guarantee to guarantee the Loan 2, and proposed to pledge a property located in Shanghai, the PRC, with fair value higher than the principal amount of the Loan 2. Since the Guarantor has not completed the registration of the pledge, the Borrower renegotiated the terms of the Loan 2 with the Group. On 3 March 2022, the Group entered into a supplemental loan agreement with the Borrower pursuant to which the Borrower agreed to (1) early settle United States dollars ("US$") 1,000,000 (equivalent to approximately HK$7,800,000) on or before 10 March 2022; (2) the remaining outstanding amount of HK$14,800,000 shall be interest bearing at 5% per annum after 10 March 2022; (3) the extension option of the Loan 2 shall be removed; and (4) the maturity date of the Loan 2 shall be shortened to 31 December 2022. The Borrower repaid US$1,000,000 (equivalent to approximately US$7,800,000) of the Loan 2 on 7 March 2022 and the remaining HK$14,800,000 of the Loan 2 is interest bearing at 5% per annum after 10 March 2022 and shall mature on 31 December 2022.

During the year ended 31 December 2022, all the loan principals and accrued interests were fully repaid.

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

(b) Movement in the loss allowance amount in respect of loan receivables during the year is as follows:

	2022	2021
	RMB'000	*RMB'000*
Balance at 1 January	**2,797**	720
(Reversal of ECLs)/ECLs on loan receivable recognised during the year	**(2,797)**	2,077
Balance at 31 December	**–**	2,797

11 TRADE AND BILLS RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**116,428**	11,485
Less: ECLs of trade receivables *(Notes (b), (d))*	**(3,361)**	(5,600)
Trade receivables, net	**113,067**	5,885
Bills receivables	**71,701**	–
Less: ECLs of bills receivables *(Notes (c), (d))*	**(875)**	–
Bill receivables, net *(Note (c))*	**70,826**	–
Total trade and bills receivables, net *(Note (a))*	**183,893**	5,885

Notes:

(a) At 31 December 2022 and 2021, the ageing analysis of the trade and bills receivables after ECLs recognised based on invoice date were as follows:

	2022	2021
	RMB'000	*RMB'000*
Up to 3 months	**179,766**	679
3 to 6 months	**4,127**	270
6 to 12 months	**–**	55
Over 12 months	**–**	4,881
	183,893	5,885

The Group's trading terms with its customers are mainly on credit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. Based on communications with the customers, the trade receivables net of provisions as at the end of the reporting period are expected to be settled within one year.

(b) As at 31 December 2022, loss allowance of approximately RMB3,361,000 (2021: RMB5,600,000) were made against the gross amount of trade receivables.

(c) Bills receivables represent unconditional orders in writing issued by customers of the Group for completed sale orders which entitle the Group to collect a sum of money from banks. The bills are non-interest bearing and have a maturity from six months to one year. As at 31 December 2022, loss allowance of approximately RMB875,000 (2021: RMBNil) were made against the gross amount of bills receivables.

(d) Movement in the loss allowance amount in respect of trade and bills receivables during the year is as follows:

	2022	2021
	RMB'000	*RMB'000*
Balance at 1 January	**5,600**	3,728
(Reversal of ECLs)/ECLs recognised during the year	**(1,364)**	1,872
Balance at 31 December	**4,236**	5,600

12 OTHER RECEIVABLES AND PREPAYMENTS

	2022	2021
	RMB'000	*RMB'000*
Other receivables	**94,520**	89,515
Less: Provision of impairment losses on other receivables	**(90,318)**	(86,893)
	4,202	2,622
Deposits paid to suppliers – third parties	**13,000**	–
Advances to suppliers – third parties	**14,745**	34,295
Total other receivables and prepayments, net	**31,947**	36,917

Note:

(a) Movement in the loss allowance amount in respect of other receivables during the year is as follows:

	2022	2021
	RMB'000	*RMB'000*
Balance at 1 January	**86,893**	88,281
Written off of other receivables	**–**	(355)
(Reversal of ECLs)/ECLs on other receivables recognised during the year	**(587)**	252
Exchange differences	**4,012**	(1,285)
Balance at 31 December	**90,318**	86,893

13 TRADE PAYABLES

Trade payables are analysed as follows:

	2022	2021
	RMB'000	*RMB'000*
Third parties	**167,354**	77,445

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

The ageing analysis of trade payables based on invoice date is as follows:

	2022	2021
	RMB'000	*RMB'000*
Up to 3 months	**166,053**	76,144
Over 12 months	**1,301**	1,301
	167,354	77,445

BUSINESS REVIEW

Huili Resources (Group) Limited (the "Company") and its subsidiaries (together with the Company, the "Group") mainly participate in the coal business, financial services and nonferrous ore mining and processing.

Coal business

During the year ended 31 December 2022 (the "Year"), the Group has set a milestone in its coal business through expanding its geographical presence in Hainan, the People's Republic of China (the "PRC") and moving upstream and diversifying to the coal processing business and coal service supply chain business. The Group, through an indirect wholly-owned subsidiary of the Company, Changzhi Runce Trading Company Limited* ("Changzhi Runce"), completed the acquisition of 95% of the equity interest in Shanxi Fanpo Clean Energy Technology Company Limited* ("Shanxi Fanpo") (山西反坡清潔能源科技有限公司) (the "Shanxi Fanpo Acquisition") during the Year.

During the Year, despite another wave of the outbreak of coronavirus ("COVID-19") pandemic in the second quarter of 2022, the demand on domestic coal products continued to boom due to the decrease in the amount of imported coal and a stable demand from power generation. During the Year, national raw coal production recorded a year-on-year increase of approximately 9%. According to the National Bureau of Statistics, in 2022, industrial enterprises above designated size (規模以上工業企業) achieved an operating revenue of Renminbi ("RMB") approximately 137.9 trillion, a year-on-year increase of approximately 5.9%, while the coal mining and washing industry achieved an operating revenue of RMB6.8 trillion, a year-on-year increase of approximately 16.9%, benefiting from the rapid growth in both quantity and price of energy products.

From the supply perspective, since the last quarter of 2021, the relevant departments have raised the guarantee of coal supply to a new height. With the continuous implementation of the policy of increasing production and ensuring supply of raw coal by the mainland Chinese government, the rate of output has been significantly accelerated and the daily output of raw coal hit a record high of approximately 12.77 million tonnes in March 2022. According to the National Bureau of Statistics, raw coal production maintained its rapid growth. During 2022, approximately 4.5 billion tonnes of raw coal were produced, a year-on-year increase of approximately 9%.

On the contrary, the export ban in Indonesia at the beginning of the year, the Russia-Ukraine war that began in February 2022 and the expectation of a sharp reduction in the amount of imported coal in the PRC (which was evidenced by a year-on-year decrease of approximately 9.2% as the quantity of coal imported decreased to approximately 290 million tonnes), all contributed to the soar of the coal price during the first half of the year. According to the

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statistics provided by National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司), the NCEI 5500K (國煤下水動力煤價格指數5500K), a gauge of coal prices in the PRC, had risen from RMB750 per tonne in January 2022 to its peak of RMB807 per tonne in February 2022, and then flattened to RMB770 per tonne from March to June 2022.

In February and April 2022, the National Development and Reform Commission also issued "On Further Notice on Improving the Coal Market Price Formation Mechanism (Development and Reform Price '2022' No. 303)" (國家發展改革委關於進一步完善煤炭市場價格形成機制的通知(發改價格[2022]303號)) and "2022 Announcement No. 4" (2022年第4號) respectively to regulate the coal prices. Subsequently the medium and long-term coal trading prices have had reasonable price ranges since 1 May 2022. Particularly, the reasonable price range of medium and long-term trading prices and spot prices of Qinhuangdao Port launched coal (5,500 kcal) (秦皇島港下水煤(5,500千卡)) is between RMB570 and RMB770 (inclusive of tax) per tonne and any price exceeding RMB770 per tonne, without any justified reasons, will generally be considered as price gouging behavior. Therefore, the NCEI 5500K was flattened at around RMB730 to RMB750 per tonne in the second half of the year.

However, there are still a number of factors interfering with the supply side. Firstly, the hysteresis of policy and the safety and environmental protection issues behind the increase in production are expected to be highlighted. In April 2022, Work Safety Committee of the State Council (國務院安全生產委員會) formulated and deployed fifteen measures for production safety to strengthen the safety production responsibilities, and resolutely prevent and contain major accidents. Meanwhile, any coal production capacity growth should adhere to the strict requirements in the "Notice on Strengthening the Approval of Advanced Coal Production Capacity" (《關於加強煤炭先進產能核定工作的通知》). In the Report to the 20th National Congress of the Communist Party of China (在中國共產黨第二十次全國代表大會上的報告), it mentioned that the government will proactively promote a cleaner and more efficient way of coal usage. Safety inspections and environmental protection policies will curb the growth of coal production to a certain extent.

Secondly, there is an increased mismatch in supply and demand in the coal market. On 31 October 2022, the National Development and Reform Commission (the "NDRC", 國家發展和改革委員會) issued the "2023 Medium and long-term electricity coal contract signing and performance work plan" (the "2023 Work Plan",《2023年電煤中長期合同簽訂履約工作方案》) to specify the requirements for signing long-term coal contracts in 2023. Compared with the one issued in 2022, the NDRC imposed stricter requirements for guaranteed supply in 2023, clearly pointing out that the fulfilment of long-term coal contracts (煤炭長期合同) should reach 100% a on quarterly and annual basis (as compared with 90% in 2022), and clearly indicating that coal corporations with low quarterly fulfillment rate will be strictly punished according to the "National Development and Reform Commission General Office on strengthening the supervision of contract performance of medium and long-term electricity coal contract notice" (《國家發改委辦公廳關於加強電煤中長期合同履約監管的通知》) and will reduce or cancel contract logistics capacity allocated to the corporations and limit the capacity increment and financial assistance. At the same time, the 2023 Work Plan tightens the requirements for the contracting party on the demand side in long-term agreements for non-electric industries such as metallurgy, chemicals, and building materials, and imposing new requirements in which the contracted quantity shall have not less than 75% of the thermal coal resources of the coal corporations. The 75% thermal coal requirements are in excess of the previous three-year average proportion of thermal coal consumption to the power generation of approximately 70%, and will in turn reduce the supply of the coal for non-electric industries, increase the mismatch in the coal supply and demand in non-electric industries and finally imposes an upward pressure on the coal market.

Thirdly, the performance of long-term coal contracts continues to increase, which denotes a favorable long-term supply-demand relationship in the coal market, but in the short term, the coal supply in the market is expected to shrink and the market maneuvering is expected to decrease.

From the demand perspective, looking ahead into 2023, on one hand, with the easing of the COVID-19 pandemic control policy and the policy's attitude towards "economic growth stabilization", more policy stimulus are expected and will in turn promote consumption in the country.

On the other hand, there were signals of relaxing financing for the real estate industry since November 2022. For instance, the People's Bank of China and the China Banking and Insurance Regulatory Commission jointly issued the "Notice on Financial Support for the Steady and Healthy Development of the Real Estate Market" (《關於做好當前金融支持房地產市場平穩健康發展工作的通知》) on 23 November 2022, stating 16 measures to promote better financial assistance to support the stable and healthy growth of the real estate market. The China Securities Regulatory Commission also launched 5 measures to support the equity financing of real estate companies on 28 November 2022. Such measures are expected to boost the investments in the infrastructure and real estate industry, driving the year-on-year growth trend of steel and cement, and in turn stimulating the demand for coal.

In the longer term, the electricity demand is expected to maintain a rigid growth. According to the "Research on the "14th Five-Year" Development Plan of the Electric Power Industry" (《電力行業「十四五」發展規劃研究》) issued by the China Electricity Council (中國電力聯合會), the electricity consumption of the country is approximately 9.2 trillion kwh, representing an average annual growth rate of 4.4%, and the national installed capacity of power generation was approximately 2.75 billion kilowatts, representing an average annual growth rate of 5.1% during the period from 2021 to 2025. Particularly, the coal power installed capacity (煤電裝機) will increase from 1.08 billion kilowatts in 2020 to 1.25 billion kilowatts in 2025, representing an average annual growth rate of 3.0%. This denotes a long-term healthy development in the coal industry, backed by the continuous increasing demand in electricity and the coal power installed capacity.

During the Year, the customers of the Company's coal trading business segment were mainly local coal traders and energy companies in the PRC. The Group carried out the coal trading business through four subsidiaries, Changzhi Runce, Gujiao Runce Trading Company Limited* ("Gujiao Runce"), Ningbo Runce Trading Company Limited* ("Ningbo

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Runce") and a newly formed subsidiary, Hainan Runce Energy Co., Ltd.* ("Hainan Runce") in the PRC. The Group also started to provide coal processing services through the newly acquired subsidiary, Shanxi Fanpo and the coal service supply chain through a newly formed subsidiary, Runce Supply Chain Management (Shenzhen) Co., Ltd* ("Shenzhen Runce") in the PRC.

To exploit the booming demand of coal products, Changzhi Runce, as purchaser and an indirect wholly owned subsidiary of the Company, entered into an agreement with an independent third party for the Shanxi Fanpo Acquisition in November 2021. The Shanxi Fanpo Acquisition was completed on 5 January 2022 and would allow the Group to move upstream in the coal industry, broaden the Group's source of income and diversify its business portfolio. Subsequent to the end of the Year, the Group further acquired the remaining 5% of the equity interests of Shanxi Fanpo, and thereafter Shanxi Fanpo became a fully owned subsidiary of the Group.

Shanxi Fanpo is principally engaged in the sale of coal and the operation of the coal washery. Shanxi Fanpo is in the course of constructing a coal washery in Changzhi city, Shanxi Province, the PRC and was one of the Group's coal suppliers. The coal washery will be 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 tonnes per day.

Currently Shanxi Fanpo is focused on providing coal processing services to coal traders and upstream coal suppliers. During the Year, Shanxi Fanpo has contributed approximately RMB77 million to the Group's revenue.

For details, please refer to the section headed "Material Acquisitions and Disposals" in this announcement.

Meanwhile, the Group continued to make progress towards the Group's strategy of allocating more resources to the Group's coal business. The Group expanded its coal trading business to Hainan, the PRC through its newly formed subsidiary, Hainan Runce. The Group also continued to broaden its business scope within the coal industry by commencing the coal service supply chain through a newly formed subsidiary, Shenzhen Runce, and such business contributed approximately RMB121 million to the Group's revenue during the Year.

Riding on the increasing demand on coal, the Group will continue to actively seek for opportunities to develop its coal business, either through value-added mergers and acquisitions or strategically re-allocating its internal resources to expand the current coal business or diversify into other business scopes within the coal industry.

The coal business segment has contributed approximately RMB2.01 billion (2021: RMB1.46 billion) to the Group's revenue during the Year.

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Mining business

The diversified nonferrous metal minerals covered by the Company's operations include nickel, copper, zinc and lead in the Xinjiang Uyghur Autonomous Region ("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 Year, the commodities markets continued to be influenced by worldwide inflation, supply chain disruption and the Russia-Ukraine war. The supply chain continued to be interrupted by the COVID-19 pandemic and inflation remains unresolved globally. The Russia-Ukraine war began in February 2022, intensifying the short-term tightening of global energy supplies and leading to the increase of energy prices. The rise in oil and gas prices were then reflected in other commodity prices.

According to the London Metal Exchange, the prices of zinc fluctuated wildly during the Year, increasing from approximately USD3,600 per tonne at the beginning of the Year to approximately USD4,250 per tonne in February 2022 and peaked at approximately USD4,530 per tonne in mid April 2022. However, the price dropped significantly by approximately 40% to approximately USD2,700 per tonne within 6 months only. Yet, the price rebounded by approximately 11% and closed at USD3,000 per tonne but still recorded a drop of approximately 26% as compared to the Year's beginning price of approximately USD3,600 per tonne.

On the contrary, unlike zinc, both copper and lead prices recorded a downward trend during the Year.

Copper opened at around USD9,550 per tonne at the beginning of the Year and closed at around USD8,400 per tonne at 31 December 2022, representing an approximate 15% drop during the Year, notwithstanding that the price once rose to approximately USD10,700 per tonne in early March 2022 due to the commencement of Russia-Ukraine war but fell to approximately USD7,000 in July 2022.

Lead, on the other hand, opened at around USD2,350 per tonne at the beginning of the Year and closed at around USD2,350 per tonne at 31 December 2022, notwithstanding that the price once peaked at approximately USD2,511 per tonne in early March 2022, as a result of similar reasons as the price of copper, and fell to USD1,750 in September 2022.

Nickel, during the Year, showed much more volatile market movement, as compared to the market of zinc, copper and lead. The price of nickel gradually increased from approximately USD20,000 per tonne at the beginning of the Year to approximately USD24,700 per tonne by end of February 2022, and then recorded a sharp increase of approximately 75% to approximately USD43,000 per tonne within a week, followed by a cliff-like drop to approximately USD30,750 per tonne in one day. Such price movement led to a suspension of nickel trading in the exchange from 8 to 22 March 2022. Subsequent to the said suspension, the price of nickel gradually decreased and fell to approximately USD19,100 per tonne in July 2022 and slowly bounced back and closed at approximately USD30,000 per tonne.

As at 31 December 2022, the Company's subsidiaries, Hami Jinhua Mineral Resource Exploiture Ltd* ("Hami Jinhua") and Hami Jiatai Mineral Resource Exploiture Ltd* ("Hami Jiatai"), owned two mining permits of nonferrous metals in Xinjiang, the PRC, namely No. 20 Mine and Baiganhu Mine. No. 20 Mine produces copper and nickel ores, while Baiganhu Mine produces lead and zinc ores. The Group is assessing the possibility for the commencement of productions at both mines and will also look for potential partners to jointly develop the mines to capture the economic values of both mines. Meanwhile, the Group holds two exploration rights, namely Baiganhu Gold tenement and H-989 and 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. However, based on current exploration and economic data, the Group considered that it is not economical to carry out further exploration works on its own and decided temporarily not to extend the exploration permit. The Group continues to seek for a co-operating party for opportunities of cooperative exploration in order to materialise the exploration rights. Up to the date of this announcement, there is neither public announcement nor any official statement that the Group's exploration rights are cancelled.

Hami Jiatai also 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 tonnes 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 Year.

The Group will closely monitor the development of the commodities markets, and also look for potential partners to jointly develop the mines in order to maximise their economic values.

Financial services

During the Year, the Company mainly carried out the financial service business through itself in Hong Kong and through its indirect wholly owned subsidiary, Runxi Energy Technology (Shanghai) Company Limited* ("Runxi Energy") in the PRC.

On 4 December 2019, the Group entered into a loan agreement (the "Loan Agreement 1") with an independent third party to provide a loan (the "Loan 1") of RMB65 million, bearing interest at 7% per annum for a term of 5 months, which may be extended for 19 months, and may thereafter further be extended for 12 months. On 28 February 2020, upon the request of the borrower of Loan 1 and with the approval of the board (the "Board") of directors (the "Director(s)") of the Company, the term of Loan 1 was extended for 31 months after the end of the initial 5-month term. The Loan 1 has been fully settled in December 2022.

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Further details of Loan 1 and its extension were disclosed in the announcements of the Company dated 4 December 2019 and 28 February 2020, respectively.

In 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, and have been fully settled during the Year.

On 17 April 2021, the Group entered into a loan agreement (the "Loan Agreement 2") with another independent third party (the "Borrower"), and a pledge agreement and a guarantee agreement with an individual (the "Guarantor"), to provide a loan (the "Loan 2") of Hong Kong Dollar ("HKD") 22.6 million (equivalent to approximately RMB18.5 million), bearing interest at 4.5% per annum for a term of 36 months, and may be extended for 12 months, and may thereafter be further extended for 12 months. The total term of Loan 2 after extension shall not be longer than 60 months. The Guarantor has provided a personal guarantee to guarantee Loan 2, and proposed to pledge a property located in Shanghai, the PRC, with fair value higher than the principal amount of Loan 2. Since the Guarantor has not completed the registration of the pledge, the Borrower renegotiated the terms of Loan 2 with the Group. On 3 March 2022, the Group entered into a supplemental loan agreement with the Borrower pursuant to which the Borrower agreed to: (1) early settle USD1 million (equivalent to approximately HKD7.8 million or RMB6.5 million) on or before 10 March 2022; (2) the remaining outstanding amount of HKD14.8 million (equivalent to approximately RMB12.6 million) shall be interest bearing at 5% per annum. after 10 March 2022; (3) the extension option of Loan 2 shall be removed; and (4) the maturity date of Loan 2 shall be shortened to 31 December 2022. The Borrower repaid USD1 million (equivalent to approximately HKD7.8 million or RMB6.5 million) of Loan 2 on 7 March 2022 and the remaining HKD14.8 million loan is interest bearing at 5% per annum after 10 March 2022 and shall mature on 31 December 2022. The Loan 2 was fully repaid in December 2022.

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

Revenue of approximately RMB5.8 million (2021: RMB5.7 million) was generated by the financial services segment during the Year.

RESULTS REVIEW

Revenue and gross profit

Since 2021, the Group has set the coal business as the strategic business segment of the Group and allocated more resources in developing the Group's coal business. During the Year, the Group has made remarkable progress and results in its strategic move and financial performance. With the strong coal demand in the domestic coal market in 2022 in the PRC, both the sales volume and the average selling prices of the Group's coal products increased during the Year, as compared with the Prior Year. The Group's newly acquired subsidiary, Shanxi Fanpo, also contributed to the improvement in the Group's performance. During the Year, the Group's revenue increased by approximately 37.0% to approximately RMB2.02 billion from approximately RMB1.47 billion for the Prior Year. The increase was mainly attributable to the RMB0.54 billion increase in revenue generated from the coal business during the Year.

The cost of sales was approximately RMB1.80 billion for the Year, as compared with approximately RMB1.46 billion in the Prior Year, representing a year-on-year increase of approximately 23.5%. The increase was mainly contributed by the coal business as a result of the increased sales of coal products during the Year.

The gross profit increased by almost 19 folds from approximately RMB10.7 million for the Prior Year to approximately RMB211.8 million for the Year. The increase was mainly contributed by the increased average selling price and sales volume of the Group's coal products during the Year.

The Group is currently conducting a full scope review of the operations of mines and processing plants before their resumption in order to ensure their operations in a safe and environmental manner. The Group aims at green development of the mining segment, improving the efficiency of resource utilisation, and ultimately achieving balanced operations between resource development and ecological protection. The Group will also closely monitor the development of the commodities markets, and look for potential partners to jointly develop the mines in order to maximise their economic values.

Operating results

The revenue and the corresponding operating results were mainly contributed by the segments below, for the Year and the Prior Year.

	For the Year			For the Prior Year		
	Revenue	**Operating profit/(loss)**	**Operating profit margin**	**Revenue**	**Operating profit/(loss)**	**Operating profit margin**
	RMB' million	*RMB' million*	*%*	*RMB' million*	*RMB' million*	*%*
Coal business	2,009.2	210.7	10.5%	1,464.7	3.9	0.27%
Interest income from financial services	5.8	7.8	134.5%	5.7	2.2	38.6%
Mining	–	(3.2)	N/A	–	(3.6)	N/A
Segment total	2,015.0	215.3	10.7%	1,470.4	2.5	0.2%

Administrative expenses

Administrative expenses for the Year, which included mainly depreciation charges, professional fees, staff costs and office overheads, amounted to approximately RMB22.9 million for the Year (the Prior Year: RMB21.0 million).

Other gains – net

Other gains for the Year of approximately RMB18.9 million (the Prior Year: RMB0.2 million) mainly represented foreign exchange gains, penalty received from customers, interest income from financial assets at fair value through other comprehensive income ("FVTOCI") and government subsidies of approximately RMB11.4 million (the Prior Year: foreign exchange losses of RMB3.7 million), RMB2.7 million (the Prior Year: nil), RMB0.9 million (the Prior Year: RMB1.1 million) and RMB3.6 million (the Prior Year: nil) respectively.

The foreign exchange gains mainly arose from the financial assets denominated in USD and HKD as the result of the appreciation of USD and HKD against RMB, being the Group's functional and presentation currency.

Other operating gains/(losses)

Other operating gains of approximately RMB4.7 million was recorded during the Year (the Prior Year: other operating losses of approximately RMB4.2 million), which was mainly contributed by the reversal of expected credit losses ("ECLs") on financial assets of approximately RMB4.7 million (the Prior Year: ECLs of RMB4.2 million) during the Year.

Finance income – net

Finance income – net of approximately RMB1.5 million (the Prior Year: RMB0.3 million) during the Year mainly represented interest income earned from the Group's cash at bank, netted by interest expenses on lease liabilities.

Income tax expense

During the Year, income tax expense was approximately RMB35.0 million (the Prior Year: RMB2.7 million). It mainly represented the tax provision of approximately RMB35.6 million (the Prior Year: RMB2.8 million) for operations in the PRC, netted by deferred tax benefit of approximately RMB0.6 million (the Prior Year: RMB53,000) during the Year. No provision for profits tax in Hong Kong was made during the Year.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2022, the Group had investments in debt securities and listed equity securities of approximately RMB11.3 million (2021: RMB15.5 million) and RMB15.0 million (2021: nil) respectively and none of the debt securities and listed equity securities, both individually and in aggregate, held by the Group equaled or exceeded 5 per cent of the Group's total assets. For further details, please refer to the section headed "Liquidity and Financial Resources" in this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS

Changzhi Runce, as purchaser and an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") in relation to the acquisition of 95% equity interest in Shanxi Fanpo, a company established in the PRC with limited liability with Mr. Cui Huike (崔慧科), as vendor on 29 November 2021. Pursuant to the Sale and Purchase Agreement, Changzhi Runce agreed to purchase and Mr. Cui Huike agreed to sell 95% of the equity interest in Shanxi Fanpo upon the fulfillment of certain conditions, including but not limited to satisfactory completion of the financial and legal due diligence review on Shanxi Fanpo.

The Shanxi Fanpo Acquisition was then completed in January 2022 with the final consideration of approximately RMB9.6 million.

Further details of the Shanxi Fanpo Acquisition are set out in the Company's announcement dated 29 November 2021.

Save for the above, there were no other material acquisitions and disposals during the Year and the Prior Year.

CAPITAL EXPENDITURE

For the Year, the Group incurred approximately RMB14.2 million (the Prior Year: nil) of capital expenditure on property, plant and equipment, and nil (the Prior Year: RMB2.9 million) on right-of-use assets. There was no disposal of property, plant and equipment and right-of-use assets during both the Year and the Prior Year.

LIQUIDITY AND FINANCIAL RESOURCES

The equity attributable to owners of the Company as at 31 December 2022 increased to RMB572.5 million, an increase of approximately 45.5% over that as at 31 December 2021 of RMB393.6 million while the Group's total assets employed increased to RMB868.4 million as at 31 December 2022 as compared to RMB558.6 million as at 31 December 2021.

The Group continues to maintain a strong financial position. To preserve funds for future capital expenditure and new business opportunities, the Group invests surplus cash in low risk fixed deposits, as well as high quality debt securities issued by large financial institutions and corporations and quality equity securities listed on well recognised stock exchanges to generate additional returns for the Group and the shareholders of the Company.

During the Year, the Group redeemed approximately RMB3.4 million (the Prior Year: RMB3.7 million) of debt securities. As at 31 December 2022, the debt securities were predominantly denominated in USD with weighted average tenor of approximately 2 years. Debt securities investments are closely monitored by a designated team with the help of an international leading bank. The debt securities were classified as financial assets at FVTOCI. These debt securities were considered to be of low credit risk and the expected credit loss was minimal. As at 31 December 2022, none of the debt securities, both individually and in aggregate, held by the Group equaled or exceeded 5% of the Group's total assets. As at 31 December 2022, the Group had the debt securities of approximately RMB11.3 million (2021: RMB15.5 million).

During the Year, the Group invested approximately RMB24.5 million (the Prior Year: nil) in certain listed equity securities investments, and disposed approximately RMB7.6 million (the Prior year: nil) worth equity securities. As at 31 December 2022, these listed equity investments are denominated in HKD and were classified as financial assets at fair value through profit or loss ("FVTPL"). The Directors considered that the closing price of those listed equity securities as at 31 December 2022 was approximately the fair value of those listed equity investments. As at 31 December 2022, the fair value of the listed equity securities are approximately RMB15.0 million and none of the equity securities, both individually and in aggregate, held by the Group equaled or exceeded 5% of the Group's total assets.

During the Year, the Group's listed equity securities investments and debt securities have recorded a loss in fair value of approximately RMB1.6 million and approximately RMB1.9 million, respectively, which were presented as "Fair value changes of financial assets at fair value through profit or loss" and "Fair value changes of financial assets (debt instruments) at fair value through other comprehensive income" in the consolidated statement of comprehensive income, respectively.

During the Year, the Group also received dividend income of approximately RMB43,000 (the Prior Year: nil) from listed equity securities that the Group invested, and interest income of approximately RMB0.9 million (the Prior Year: RMB1.1 million) from the debt securities that the Group held. The Group also redeemed certain debt securities and disposed certain equity securities and recorded a net loss of approximately RMB0.1 million (the Prior Year: a net gain of approximately RMB0.6 million) during the Year. All of the dividend income from equity securities, interest income from debt securities and the loss on redemption of debt securities were included in "Other gains – net" in the consolidated statement of comprehensive income.

The Group financed its day-to-day operations by internally generated cash flows during the Year. Primary uses of funds during the Year was mainly the payment of operating expenses.

As at 31 December 2022 and 2021, there was no outstanding interest-bearing bank loan and other borrowings. The Group's liquidity position remains strong and the Group is confident that sufficient resources could be secured to meet its commitments and working capital requirements.

As at 31 December 2022, the Group maintained bank and cash balances of approximately RMB369.3 million (2021: RMB235.9 million).

Treasury policy

The Group continues to adopt a conservative treasury policy in liquidity and financial management. The Group conducted its continuing operational business transactions mainly in RMB and HKD. Surplus cash is generally placed in fixed deposits, high-quality debt securities mostly denominated in HKD and USD and high-quality listed equity securities. The Group did not arrange any foreign currency contracts for hedging purposes.

PRINCIPAL RISKS

The Group's activities are exposed to a variety of risks.

Foreign exchange 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 Year. The Group currently has not engaged in hedging activities against foreign exchange 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.

Credit risk exposure

The Group is exposed to default risks in dealing with counterparties in its financial services segment. A default by a counterparty could expose the Group to both financial loss and operational disruption of business processes. Default risk also arises where the Group undertakes secured lending business, with exposure to loss if an accrued debt exceeds the value of security taken.

In the Group's financial service business, the Group's loan criteria takes account of borrower's financial performance and strength, and the value of security, if any. Specific borrower limits are set by financial strength and the availability of the security and guarantee to limit exposure to a default event. Exposures are monitored relative to limits. To safeguard the Company's asset, the Company closely monitors the credit worthiness of customers and the value of the security, if any, and periodically, the Company engages independent valuer to assess the sufficiency of the ECLs of each loan receivable balance. Loan receivables of the Group at amortised cost are considered to have low credit risk, and the loss allowances recognised during the Year was therefore limited to 12-month ECLs.

As at the date of the reporting period, there was no outstanding loan receivables and no ECLs were made against the loan receivables. As at 31 December 2021, RMB2.8 million of ECLs have been made against the loan receivables. For details of the ECLs assessment, please refer to note 10 of these consolidated financial statements.

The Group also reviews the carrying value of its loan receivables at each date during the reporting period. If the carrying value of a loan receivable is impaired, the carrying value is reduced through a charge to the consolidated statement of profit and loss. There must be objective evidence of impairment as a result of one or more events which have occurred after the initial recognition of the asset. Impairment is only recognised if the loss event has an impact on the estimated future cash flows of the loan receivable. As at 31 December 2022, there was no loan receivables outstanding and none of the loan receivables of the Group was impaired as at 31 December 2021.

Meanwhile, the Group is also exposed to credit risks in its coal business and is primarily attributable to its trade and bills receivables in this business segment. The Group's trading terms with its customers are mainly on credit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. The carrying amounts of its trade and bills receivables represent the Group's maximum exposure to credit risk in this business segment. The Group applies the simplified approach to provide for ECLs as prescribed by HKFRS 9, which permits the use of the lifetime ECLs provision for all trade and bills receivables.

As at 31 December 2022, loss allowance of approximately RMB4.2 million (2021: RMB5.6 million) were made against the gross amount of trade and bills receivables. For details of the ECLs assessment, please refer to note 11 of these consolidated financial statements.

The Group also separately assesses trade and bills receivables that are individually significant for impairment at each reporting date. The Group makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records and past experience. Trade and bills receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than 365 days past due. Impairment losses on trade and bills receivables are presented as net impairment losses within operating results. Subsequent recoveries of amounts previously written off are credited against the same line item. As at the date of the reporting period, none of the trade receivables of the Group was impaired.

Further details of the Group's credit risk exposures are set out in the note 11 of these consolidated financial statements.

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 31 December 2022, the gearing ratio was 0% (2021: 0%).

CHARGES ON COMPANY'S ASSETS, COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed in note 40 to these consolidated financial statements, the Group had no other contracted capital expenditure, commitments and charge on the Company's assets as at 31 December 2022 and 2021.

There was no charge on the Company's assets as at 31 December 2022 and 2021.

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 under-insurance on future accidents incurred by the employees. Such (i) new environmental laws and regulations; and (ii) under insurance on the employees may impose costs and liabilities on the Group.

Save as disclosed above, the Group had no other material contingent liability as at 31 December 2022 and 2021.

HUMAN RESOURCES AND SHARE OPTION SCHEME

As at 31 December 2022, the Group employed 743 employees (31 December 2021: 46). The total staff costs (including Directors' emoluments) for the Year was approximately RMB59.5 million (the Prior Year: RMB9.0 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, their experience and responsibilities and the 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 employee benefits, including pension, medical scheme and other applicable social insurance as required by applicable laws and regulations. Apart from regular on-the-job training, the Group encourages its employees to attend external job-related training and provides training to new employees including an introduction to relevant regulations and general safety awareness and a workshop specific training to the work area and the role of individual within the workshop. Directors and employees, among others, are entitled to participate in the share option scheme at the discretion of the Board. No share option was granted, exercised, lapsed or outstanding during the Year and as at 31 December 2022.

FUTURE OUTLOOK AND PROSPECTS

Since January 2022, the unresolved worldwide inflation issue, coupled with the Russia-Ukraine war, will continue to largely influence the coal and the commodities market. With the United States' (the "US") entry into the interest rate hike cycle; rising inflationary pressure in the United States and Eurozone; and geopolitical tensions between the US and the PRC, both the global and PRC market and the operational environment will become increasingly unpredictable. These impacts may differ in magnitude depending on a number of scenarios, which we will continue to monitor and take into consideration in our decision making as we continue to assess medium to long-term impacts.

In October 2022, the International Monetary Fund ("IMF") released the latest "World Economic Outlook Report", pointing out that the global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than has been seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, conflict between Russia and Ukraine, and the lingering COVID-19 pandemic all weighed heavily on the market outlook. As thus, the global economy is expected to grow by 3.2% in 2022 (same as July 2022 World Economic Outlook Update but lowered by 0.4% from April 2022 World Economic Outlook Update) and 2.7% in 2023 (lowered from 2.9% and 3.6% in July 2022 World Economic Outlook Update and April 2022 World Economic Outlook Update, respectively).

More specifically, the GDP growth of the world's three largest economies – China, the Euro area, and the US – will slow down significantly in 2022 and 2023, with downgrades compared with the predictions made in April and, in most cases, July due to tightening global financial conditions in most regions, associated with expectations of steeper interest rate hikes by major central banks to fight inflation; a sharper slowdown in China due to extended lockdowns and the worsening property market crisis; and spillover effects from the war in Ukraine with gas supplies from Russia to Europe tightening. Particularly, the IMF forecasted the economy of China will grow by 3.2% and 4.4%. Yet, on 26 November 2023, Liu Shijin, deputy director of the Economic Affairs Committee of the National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議全國委員會經濟委員會) stated in the China Macroeconomy Forum (中國宏觀經濟論壇) that the Chinese government would strive for an average GDP growth rate of about 5% in 2022 and 2023 (Source: "劉世錦：力爭今明兩年經濟平均增速達到5%左右", Shanghai Securities News dated 26 November 2022).

The Group subscribes to a more conservative outlook, hence it will stay alert to changes in the market and manage operations prudently and pragmatically. Nevertheless, the Group will continue to, while mitigating the risk associated with external economic and business risks, study the feasibility of resuming the productions for the mines owned by the Group with the expectation in capitalising on economic growth in the PRC in the future.

During the Year, while the financial service segment continued to provide a stable source of revenue to the Group, the performance of the Group's coal business segment was encouraging and exciting, in which an approximate 37.2% increase in the revenue from the business was recorded as compared with the corresponding prior period. This evidenced the successful mitigation of the Group's business risk through diversification of businesses and broadening of its income streams, as well as successful capturing of the opportunities of the booming coal business.

To further exploit the opportunities of the booming coal industry, the Group has set a milestone in its coal business through expanding its geographical presence in Hainan, the PRC and moving upstream and diversifying to coal processing business and coal service supply chain. The Group also, through an indirect wholly-owned subsidiary of the Company, Changzhi Runce, completed the Shanxi Fanpo Acquisition during the Year.

Shanxi Fanpo is principally engaged in the sales of coal and the operation of coal washery. Shanxi Fanpo is in the course of constructing a coal washery in Changzhi city, Shanxi Province, the PRC. The coal washery will be 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 tonnes per day.

At the National Coal Trading Conference held on 3 December 2021, the National Development and Reform Commission (中華人民共和國國家發展和改革委員會) announced the "2022 long-term coal contracts performance work plan (draft for comments)" (2022年煤炭長期合同簽訂履約工作方案(徵求意見稿)) (the "Work Plan"). According to the Work Plan, the benchmark price was raised from RMB535 per tonne to RMB700 per tonne, representing an increase of 31%. The price adjustment range of 5,500 kcal thermal coal was also increased to a range between RMB550 to RMB850 from the previous range between RMB470 to RMB600 per tonne. Both measures indicate that the mainland Chinese government expects a tight balance between supply and demand of thermal coal in the future, and therefore adjusts the benchmark price to better reflect the current market situation.

Since May 2022, the National Development and Reform Commission released "Series of Interpretation of Coal Price Regulation and Supervision Policies" (煤炭價格調控監管政策系列解讀系列), setting out the policy details on the price ceiling along the trade link of long-term coal contracts, the identification of the implicit price increase method, and the performance criteria for coal prices price gouging behavior.

The National Development and Reform Commission also issued "On Further Notice on Improving the Coal Market Price Formation Mechanism (Development and Reform Price '2022' No. 303) (國家發展改革委關於進一步完善煤炭市場價格形成機制的通知(發改價格[2022]303號)) and 2022 Announcement No. 4 (2022年第4號) in February and April 2022 respectively to regulate coal prices, and hence the medium and long-term coal trading prices have had reasonable price ranges since 1 May 2022. Particularly, the reasonable price range of medium and long-term trading prices and spot prices of Qinhuangdao Port launched coal (5,500 kcal) (秦皇島港下水煤(5,500千卡)) is between RMB570 and RMB770 (inclusive of tax) per tonne and any price exceeding RMB770 per tonne, without any justified reasons, will generally be considered as price gouging behavior. The Company believes that the implementation of the Work Plan and the above notice and announcement provides a clear guidance on the coal market in the PRC and will benefit the Group's coal business in the long run.

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 the coal business. 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.

With the potential economic resumption after the relaxation of the COVID-19 pandemic control policy and the investments in the infrastructure and real estate industry, it is expected that demand for non-electrical coal will increase. However, the 2023 Work Plan imposed stricter requirements on coal supply, requiring the thermal coal supply guarantee ratio of not less than 75% and giving lower priority to non-electrical coal. As thus, the structural mismatch of the demand and supply for coal is expected to intensify in 2023, potentially driving up the coal prices in 2023.

In the longer term, the continuous increasing demand in electricity and the coal power installed capacity set a favorable tone to a long-term healthy development of the coal industry.

Looking ahead, the Board remains prudent and optimistic about the prospects of our core businesses, particularly the coal business. The Group will follow a very cautious approach to ensure corporate sustainability in 2023. The Group is currently looking for opportunities of co-operative exploration in order to materialise the exploration permit 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 in both business segments and locations. The Company will do its best to carry out more active operations and explore opportunities for potential acquisitions to capture market opportunities in the PRC and to diversify the Group's business and broaden its revenue base.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event after the reporting period of the Group up to the date of this announcement.

DIVIDEND

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

PURCHASE, REDEMPTION OR SALE OF SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's securities during the Year.

CHANGE IN BOARD COMPOSITION

During the Year and up to the date of this announcement, the changes to the members of the Board were as below:

– Ms. Xiang Siying ("Ms. Xiang"), an independent non-executive Director, was appointed as the chairlady of the nomination committee of the Company (the "Nomination Committee") in place of Ms. Wang Qian with effect from 10 January 2022, and resigned as the chairlady (the "Chairlady") and authorised representative ("Authorised Representative") of the Company on 31 May 2022 (the "Resignation").

– Mr. Cui Yazhou ("Mr. Cui"), an executive Director and a substantial shareholder of the Company, was appointed as the chairman of the Company (the "Chairman") and Authorised Representative with effect from 1 June 2022.

– Ms. Wang Qian remained as member of the Nomination Committee.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ADOPTION OF NEW ARTICLES OF ASSOCIATION

At the annual general meeting of the Company dated 29 April 2022, a special resolution was passed to amend the existing articles of association (the "Articles of Association") of the Company as amended on 16 December 2011, and the adoption of the amended and restated articles of association (the "New Articles of Association") of the Company. The New Articles of Association consolidated all the amendments to bring the constitution of the Company in line with the amendments to the Listing Rules, relating to, among others, the new Appendix 3 to the Listing Rules with effect from 1 January 2022 for which listed issuers are required to make necessary amendments to the constitutional documents to bring the constitutional documents to conformation. The New Articles of Association were amended to (i) bring the Articles of Association in line with the relevant requirements of the Listing Rules as well as the Companies Act and the applicable laws of the Cayman Islands; (ii) allow general meetings of the Company to be held as a physical meeting, hybrid meeting or electronic meeting; and (iii) adopt house-keeping improvements and amendments in line with the proposed amendments as set out in Appendix III to the circular of the Company dated 29 April 2022. The New Articles of Association are available on the websites of the Company and the Stock Exchange. For further details of the amendments to the Articles of Association and adoption of the New Articles of Association, please refer to Company's announcements dated 20 April 2022 and 10 June 2022, and the circular of the Company dated 29 April 2022.

CHANGE OF ADDRESSES

The Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Investor Services Limited changed its address from Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, with effect from 15 August 2022.

The principal place of business of the Company in Hong Kong changed to Unit No. 4, 23rd Floor, Overseas Trust Bank Building, No. 160 Gloucester Road, Hong Kong with effect from 14 March 2023.

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") as set out in Appendix 14 of the Listing Rules which came into effect on 1 January 2022, with the following exceptions:

Under code provision C.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 from 1 January 2022 to 31 May 2022, Ms. Xiang was the Chairlady and from 1 June 2022 to 30 June 2022, Mr. Cui was the Chairman. The Company does not maintain the office of chief executive officer and the duties of a chief executive officer has been taken up by other executive Directors and senior management of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable to those in the Code.

Under code provision C.5.1 of the Code, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the Year, the Board only held 2 meetings within the meaning of the Code and hence did not comply with the requirements of code provision C.5.1 of the Code. During the Year, there was no material change in the business operation of the Group and most of the resolutions passed by the Board were routine in nature. Thus, the Board considered that it was a more effective and efficient way to conduct the business of the Group through circulating and passing written resolutions. In doing so, the Directors could constantly obtain updates from management of the Group on the latest business developments which allowed for effective written communications amongst the Board, and thus the Board considered that sufficient active participation has been demonstrated.

The Company will ensure that board meetings should be held at least four times a year in the future in order to comply with the Code and will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the statutory requirements and the Code and align with the latest developments.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Directors confirm that they have complied with the required standard as set out in the Model Code during the Year.

AUDIT COMMITTEE

The audit committee under the Board (the "Audit Committee") was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls. The Audit Committee comprises the three independent non-executive Directors. The Audit Committee has reviewed the annual results for the year ended 31 December 2022.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) and the Company (http://www.huili.hk). The annual report of the Company for the year ended 31 December 2022 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.

PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

The performance and the results of the operations of the Group contained in this announcement are historical in nature, and past performance is no guarantee of the future results of the Group. This report contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent the Company's current expectations, beliefs, assumptions or projections concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Forward looking statements involve inherent risks and uncertainties. Readers should be cautioned that a number of factors could cause actual results to differ, in some instances materially, from those expressed, implied or anticipated in any forward looking statement or assessment of risk. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

By order of the Board
Huili Resources (Group) Limited
Cui Yazhou
Chairman

Hong Kong, 28 March 2023

As at the date of this announcement, the executive Directors are Mr. Cui Yazhou (Chairman), 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.