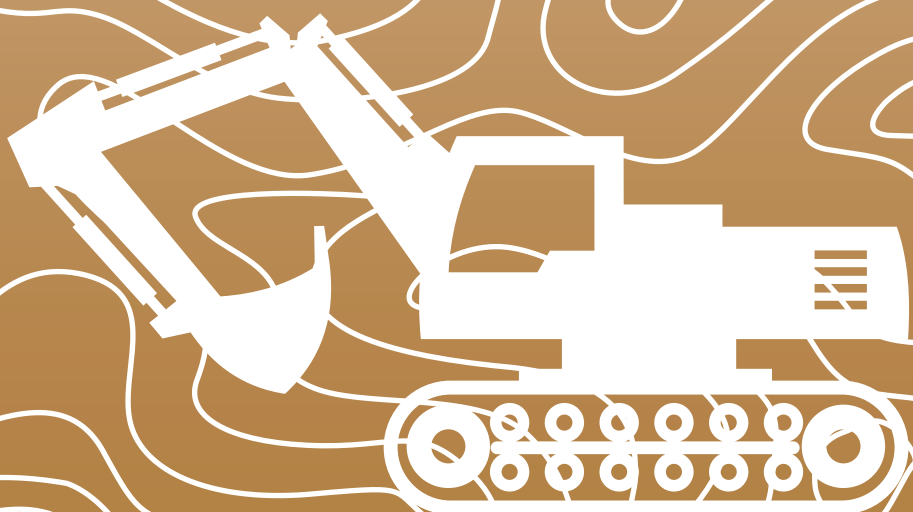
滙力集團
HUILI GROUP

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

2016
INTERIM REPORT



Corporate Information

Board of Directors

Executive Directors

Mr. Wang Dayong *(Chairman)*
Mr. Sun Zhong
Mr. Shou Xuancheng
Mr. Xu Zucheng
Ms. Wang Qian

Independent Non-Executive Directors

Mr. Cao Shiping
Mr. Cao Kuangyu
Mr. Song Shaohuan

Audit Committee

Mr. Song Shaohuan *(Chairman)*
Mr. Cao Shiping
Mr. Cao Kuangyu

Remuneration Committee

Mr. Cao Kuangyu *(Chairman)*
Ms. Wang Qian
Mr. Song Shaohuan

Nomination Committee

Mr. Wang Dayong *(Chairman)*
Mr. Cao Kuangyu
Mr. Song Shaohuan

Authorised Representatives

Mr. Wang Dayong
Mr. Ip Wing Wai

Company Secretary

Mr. Ip Wing Wai

Independent Auditor

PricewaterhouseCoopers
22 Floor, Prince's Building
Central, Hong Kong

Legal Advisers

as to Hong Kong law
Michael Li & Co

as to PRC law
Global Law Office

as to Cayman Islands law
Conyers Dill & Pearman

Registered Office and Principal Place of Business

In the PRC
No. 38 Guangchang Bei Road
Hami City
Xinjiang Uygur Autonomous Region
PRC

In Hong Kong
3rd Floor
No. 8 Queen's Road Central
Central, Hong Kong

Share Registrar and Transfer Office

In the Cayman Islands
Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

In Hong Kong
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Company Website

www.huili.hk

Stock Code

1303

Mines Information

Mineral Resources as of 30 June 2016

Project name	Classification	Quantity (kt)	Ni Grade (%)	Cu Grade (%)	Ni metal (t)	Cu metal (t)
Project No. 20	Measured	–	–	–	–	–
	Indicated	1,330	0.71	0.24	9,430	3,150
	Inferred	1,260	0.69	0.25	8,660	3,160
	Sub-total	2,590	0.70	0.24	18,090	6,310
Project H-989	Measured	–	–	–	–	–
	Indicated	3,390	0.49	0.23	16,540	7,750
	Inferred	2,370	0.51	0.19	12,100	4,390
	Sub-total	5,760	0.50	0.21	28,640	12,140
Grand total	Measured	–	–	–	–	–
	Indicated	4,720	0.55	0.23	25,970	10,900
	Inferred	3,630	0.57	0.21	20,760	7,550
	Total	8,350	0.56	0.22	46,730	18,450

Project name	Classification	Quantity (kt)	Zn Grade (%)	Pb Grade (%)	Zn metal (t)	Pb metal (t)
Project Baiganhu	Measured	–	–	–	–	–
	Indicated	1,730	6.57	4.13	113,540	71,440
	Inferred	2,150	6.42	3.96	137,910	85,140
	Total	3,880	6.49	4.03	251,450	156,580

Mines Information (Continued)

Ore Reserves as of 30 June 2016

Project name	Reserve classification	Ore Quantity (kt)	Ni Grade (%)	Cu Grade (%)	Ni metal (t)	Cu metal (t)
Project No. 20	Proved	–	–	–	–	–
	Probable	1,099	0.64	0.21	7,071	2,362

Project name	Reserve classification	Ore Quantity (kt)	Zn Grade (%)	Pb Grade (%)	Zn metal (t)	Pb metal (t)
Project Baiganhu	Proved	–	–	–	–	–
	Probable	1,055	5.95	3.73	62,773	39,352

Source: Independent Technical Report prepared by Minarco-Mine Consult (rounding errors affect the total metal amounts reported above)

Mines Information (Continued)

Exploration Permits

Project name	Type of ore under exploration	Exploration Area (km^2)	Permit expiry date (month/year)
Project Baiganhu Gold	Au	1.28	June 2017
Project H-989	Cu, Ni	1.91	June 2017
Project Heishan	Cu, Ni	20.26	March 2017

Mining Permits

Project name	Type of ore under mining	Mining Area (km^2)	Permit expiry date (month/year)
Project No. 20	Cu, Ni	0.22	June 2018
Project Baiganhu	Pb, Zn	0.96	September 2021

Glossary:
Au: Gold
Cu: Copper
Ni: Nickel
Pb: Lead
Zn: Zinc

Capital Expenditure and Exploration Expenses

The Group did not carry out any production during the six months ended 30 June 2016.

For the six months ended 30 June 2016, there was no capital expenditure for the development and mining activities (six months ended 30 June 2015: 1.3 million).

For the six months ended 30 June 2016, no exploration expense was charged to the statement of comprehensive income (six months ended 30 June 2015: nil).

Interim Condensed Consolidated Balance Sheet

	Note	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8	**62,336**	64,250
Mining rights and exploration rights	9	**99,300**	99,300
Land use rights	10	**9,220**	9,342
Deferred tax assets	15	**2,591**	2,823
Refundable deposit		**163,367**	163,367
Available-for-sale financial assets	11	**111,234**	112,286
Other receivables and prepayments	12	**104,586**	–
Other non-current assets		**2,492**	2,492
Total non-current assets		**555,126**	453,860
Current assets			
Inventories		**6,526**	6,526
Trade receivables		**1,191**	3,738
Other receivables and prepayments	12	**357,978**	57,594
Cash and cash equivalents	13	**28,756**	103,333
Total current assets		**394,451**	171,191
Total assets		**949,577**	625,051
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	14	**137,361**	127,362
Share premium	14	**668,768**	577,878
Other reserves		**(10,702)**	(9,650)
Accumulated losses		**(234,791)**	(221,481)
		560,636	474,109
Non-controlling interests		**1,398**	1,631

Interim Condensed Consolidated Balance Sheet (Continued)

	Note	**As at 30 June 2016 RMB'000 (unaudited)**	As at 31 December 2015 RMB'000 (audited)
Total equity		**562,034**	475,740
LIABILITIES			
Non-current liabilities			
Provision for close down, restoration and environmental costs		**3,115**	3,090
Deferred tax liabilities	15	**24,575**	24,602
Long-term borrowings		**43,975**	41,889
Total non-current liabilities		**71,665**	69,581
Current liabilities			
Trade payables	16	**1,867**	2,523
Other payables and accruals	17	**312,597**	14,359
Income tax payable		**1,414**	266
Convertible bonds	18	**–**	62,582
Total current liabilities		**315,878**	79,730
Total liabilities		**387,543**	149,311
Total equity and liabilities		**949,577**	625,051
Net current asset		**78,573**	91,461
Total assets less current liabilities		**633,699**	545,321

Interim Condensed Consolidated Income Statement

	Note	For the six months ended 30 June 2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Revenue		**–**	–
Cost of sales	19	**(2,379)**	(2,488)
Gross loss		**(2,379)**	(2,488)
Administrative expenses	19	**(11,916)**	(8,798)
Other gains/(losses)- net	20	**3,601**	(1,682)
Operating loss		**(10,694)**	(12,968)
Finance income		**62**	181
Finance costs		**(1,559)**	(7,862)
Finance costs – net	21	**(1,497)**	(7,681)
Loss before income tax		**(12,191)**	(20,649)
Income tax (expense)/credit	22	**(1,352)**	248
Loss for the period		**(13,543)**	(20,401)
Loss attributable to:			
Equity holders of the Company		**(13,310)**	(20,160)
Non-controlling interests		**(233)**	(241)
		(13,543)	(20,401)
Loss per share attributable to the equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	23	**(0.009)**	(0.020)

Interim Condensed Consolidated Income Statement (Continued)

	Note	For the six months ended 30 June 2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Loss for the period		**(13,543)**	(20,401)
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss			
Change in value of available-for-sale financial assets	11	**(1,052)**	3,307
Other comprehensive income for the period, net of tax		**(1,052)**	3,307
Total comprehensive loss for the period		**(14,595)**	(17,094)
Total comprehensive loss for the period attributable to:			
Equity holders of the Company		**(14,362)**	(16,853)
Non-controlling interests		**(233)**	(241)
Total comprehensive loss for the period		**(14,595)**	(17,094)

Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company									
	Share capital RMB'000	Share premium RMB'000	Safety funds RMB'000	Maintenance funds RMB'000	Capital reserve RMB'000	Available for sale financial assets RMB'000	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2016	**127,362**	**577,878**	**221**	**1,583**	**(13,972)**	**2,518**	**(221,481)**	**474,109**	**1,631**	**475,740**
Total comprehensive loss										
Loss for the period (unaudited)	**-**	**-**	**-**	**-**	**-**	**-**	**(13,310)**	**(13,310)**	**(233)**	**(13,543)**
Other comprehensive income for the period (unaudited)	**-**	**-**	**-**	**-**	**-**	**(1,052)**	**-**	**(1,052)**	**-**	**(1,052)**
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**(1,052)**	**(13,310)**	**(14,362)**	**(233)**	**(14,595)**
Total transactions with owners, recognised directly in equity:										
Proceeds from shares issued	**9,999**	**90,890**	**-**	**-**	**-**	**-**	**-**	**100,889**	**-**	**100,889**
Total transactions with owners, recognised directly in equity:	**9,999**	**90,890**	**-**	**-**	**-**	**-**	**-**	**100,889**	**-**	**100,889**
Balance at 30 June 2016 (unaudited)	**137,361**	**668,768**	**221**	**1,583**	**(13,972)**	**1,466**	**(234,791)**	**560,636**	**1,398**	**562,034**
Balance at 1 January 2015	86,322	416,979	221	1,583	(13,972)	(7,467)	(119,673)	363,993	4,172	368,165
Loss for the period (unaudited)	–	–	–	–	–	–	(20,160)	(20,160)	(241)	(20,401)
Other comprehensive income for the period (unaudited)	–	–	–	–	–	3,307	–	3,307	–	3,307
Total comprehensive (loss)/ income (unaudited)	–	–	–	–	–	3,307	(20,160)	(16,853)	(24)	(17,094)
Balance at 30 June 2015 (unaudited)	86,322	416,979	221	1,583	(13,972)	(4,160)	(139,833)	347,140	3,931	351,071

Interim Condensed Consolidated Statement of Cash Flows

	Note	For the six months ended 30 June 2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Cash flows from operating activities			
Cash used in operations		**(12,063)**	(6,180)
Net cash used in operating activities		**(12,063)**	(6,180)
Cash flows from investing activities			
Net cash outflow on acquisition of a subsidiary	7	**(42)**	–
Purchase of property, plant and equipment		**–**	(1,652)
Interest received	21	**62**	181
Net cash generated/(used) in investing activities		**20**	(1,471)
Cash flows from financing activities			
Repayment of the convertible bonds		**(62,582)**	–
Interest paid		**(379)**	(845)
Net cash used in financing activities		**(62,961)**	(845)
Net decrease in cash and cash equivalents		**(75,004)**	(8,496)
Cash and cash equivalents at beginning of period		**103,333**	72,868
Exchange differences on cash and cash equivalents		**427**	(18)
Cash and cash equivalents at end of period		**28,756**	64,354

Notes to the Condensed Consolidated Financial Information

1 General Information

Huili Resources (Group) Limited (the "Company") was incorporated in the Cayman Islands on 19 February 2010 as an exempted company with limited liability under Companies Law (Cap 22, as amended and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 12 January 2012.

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 in the People's Republic of China (the "PRC").

The condensed consolidated interim financial information which consists of the interim consolidated balance sheet as at 30 June 2016 and the related interim consolidated income statement, interim consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes (collectively defined as "Interim Financial Information") is presented in Renminbi ("RMB"), unless otherwise stated. This Interim Financial Information was approved for issue by the Board of Directors on 19 August 2016.

The financial information relating to the year ended 31 December 2015 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2016 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

The Interim Financial Information has not been audited.

Notes to the Condensed Consolidated Financial Information (Continued)

1 General Information (Continued)

Key events

The operational highlight of the period was the acquisition of Jia Zhao Ventures Limited ("Jia Zhao Ventures"), a company principally engaged in finance leasing business through its subsidiary Jiayi Financial Leasing Company Limited ("Jiayi Financial Leasing") in the PRC. Further details are given in Note 7.

During the six months ended 30 June 2016, there has been no exploration, development or production activity.

2 Basis of Preparation

The Interim Financial Information for the six months ended 30 June 2016 has been prepared in accordance with HKAS 34, "Interim financial reporting". The Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2.1 Going concern

During the six months ended 30 June 2016, the Group incurred a net loss of RMB13,543,000, and had a net operating cash outflow of RMB12,063,000.

Notes to the Condensed Consolidated Financial Information (Continued)

2 Basis of Preparation (Continued)

2.1 Going concern (Continued)

The Group entered into a Memorandum of Terms (the "Memorandum") on 3 December 2015 and three Supplemental Terms (the "Supplemental") respectively on 29 March 2016, 29 April 2016 and 29 June 2016 with certain vendors in relation to a possible acquisition of the entire equity interest of China Green Energy Investment Limited ("China Green Energy"), which is principally engaged in exploration, development, production and sale of oil, natural gas and coalbed methane in Shanxi Province, at a total consideration of not more than US$150 million (equivalent to HK$1,170 million). Pursuant to the Memorandum, the Group has already paid US$25 million, equivalent to RMB163,367,000, to the vendors in December 2015 as a refundable deposit for the exclusive negotiation rights from the date of the Memorandum to end of March 2016, which was subsequently extended to end of September 2016 pursuant to a supplemental memorandum. On 29 July 2016, the Group entered into a sale and purchase agreement in relation to the acquisition. The trading in the Shares has been suspended since 1 August 2016, pending the release of an announcement relating to the acquisition. The Company is currently in the process of preparing and finalising the announcement which is inside information of the Company.

The above matter indicated that the Group may need to secure a substantial amount of funds in the foreseeable future to finance the upcoming acquisition. If the Company decides to finance the possible acquisition by short-term or long-term borrowings, it is uncertain as to whether the Group will be able to generate adequate financial resources during the terms of the borrowings to service these principal and interest payments, or meet the relevant loan covenant requirements, if any, and these matters may cast significant doubt about the Group's ability to continue as a going concern in the foreseeable future.

However, the directors of the Company believe that sufficient working capital could be secured and they are negotiating with financial institutions for long term borrowings and facilities. And the directors of the Company have prepared cash flow projections for the Group which cover a period of twelve months from 30 June 2016, considering the above assumptions. The directors are of the opinion that, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from end of the reporting period, and are satisfied that it is appropriate to prepare the Interim Financial Information of the Group on a going concern basis. Should the Group be unable to operate as a going concern, adjustment would have to be made to reduce the carrying value of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the Interim Financial Information.

Notes to the Condensed Consolidated Financial Information (Continued)

3 Accounting Policies

The accounting policies applied to the Interim Financial Information are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

3.1 The following new standards and amendments are mandatory for accounting periods beginning on or after 1 January 2016 have been adopted by the Group in 2016 when relevant, but have no material impact on the Interim Financial Information.

HKFRS 14, "Regulatory Deferral Accounts" describes regulatory deferral account balances as amounts of expense or income that would not be recognised as assets or liabilities in accordance with other standards, but that qualify to be deferred in accordance with HKFRS14 because the amount is included, or is expected to be included, by the rate regulator in establishing the price(s) that an entity can charge to customers for rate-regulated goods or services.

Amendment to HKFRS11, "Accounting for acquisitions of interests in joint operations" requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business' (as defined in HKFRS 3, Business combinations).

Amendment to HKAS 16 and HKAS 38, "Clarification of acceptable methods of depreciation and amortisation", clarify when a method of depreciation or amortisation based on revenue may be appropriate. The amendment to HKAS 16 clarifies that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate.

Amendment to HKAS 16 and HKAS 41, "Agriculture: bearer plants" change the reporting for bearer plants, such as grape vines, rubber trees and oil palms. Bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. The amendments include them in the scope of HKAS 16 rather than HKAS 41.

Notes to the Condensed Consolidated Financial Information (Continued)

3 Accounting Policies (Continued)

3.1 (Continued)

Annual improvements 2014

- HKFRS 5, "Non-current assets held for sale and discontinued operations" clarifies that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution' simply because the manner of disposal has changed. It also explains that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not classified as 'held for sale'.

- HKFRS 7, "Financial instruments: Disclosures" There are two amendments:

  i) Service contracts

  If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, HKFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. It provides guidance about what is meant by continuing involvement.

  There is a consequential amendment to HKFRS 1 to give the same relief to first time adopters.

  ii) Interim financial statements

  It clarifies the additional disclosure required by the amendments to HKFRS 7, 'Disclosure – offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by HKAS 34.

Notes to the Condensed Consolidated Financial Information (Continued)

3 Accounting Policies (Continued)

3.1 (Continued)

Annual improvements 2014 (Continued)

- HKAS 19, "Employee benefits" clarifies when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used.

Amendment to HKFRS 10, HKFRS 12 and HKAS 28, "Investment entities: applying the consolidation exception" clarify the application of the consolidation exception for investment entities and their subsidiaries.

Amendment to HKAS 1, "Disclosure initiative" clarify guidance in HKAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

3.2 New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2016 and have not been early adopted.

	Applicable for accounting periods beginning on/after
HKFRS15 "Revenue from Contracts with Customers"	1 January 2018
HKFRS 9 "Financial Instruments"	1 January 2018
HKFRS16 "Leases"	1 January 2019

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

Notes to the Condensed Consolidated Financial Information (Continued)

4 Estimates

The preparation of the Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

5 Financial Risk Management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, commodity price risk, interest rate risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial information, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015.

There have been no changes in the risk management department since year end or in any risk management policies since the year end.

Notes to the Condensed Consolidated Financial Information (Continued)

5 Financial Risk Management (Continued)

5.2 Liquidity risk

The table below analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB '000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
At 30 June 2016				
Trade and other payables	**323,311**	**–**	**–**	**–**
Borrowings	**–**	**51,282**	**–**	**–**
At 31 December 2015				
Trade and other payables	11,743	–	–	–
Convertible bonds	62,582	–	–	–
Borrowings	–	50,267	–	–

5.3 Fair value estimation

As at 30 June 2016 and 31 December 2015, the carrying amounts of receivables and payables are reasonable approximation of their fair values due to their short-term maturities.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the Condensed Consolidated Financial Information (Continued)

5 Financial Risk Management (Continued)

5.3 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2016.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Available-for-sale financial assets				
Equity investment				
– Investment in a fund (Note 11)	**–**	**–**	**111,234**	**111,234**
Total assets	**–**	**–**	**111,234**	**111,234**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2015.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Available-for-sale financial assets				
Equity investment				
– Investment in a fund (Note 11)	–	–	112,286	112,286
Total assets	–	–	112,286	112,286

Notes to the Condensed Consolidated Financial Information (Continued)

5 Financial Risk Management (Continued)

5.3 Fair value estimation (Continued)

The following table presents the changes in level 3 instruments for the six months ended 30 June 2016.

	Available-for-sale financial assets RMB'000
Opening balance	**112,286**
Other loss recognised in other comprehensive loss (Note 11)	**(1,052)**
Closing balance	**111,234**
Changes in unrealised gains or losses for the period included in other comprehensive loss	**(1,052)**

The following table presents the changes in level 3 instruments for the six months ended 30 June 2015.

	Available-for-sale financial assets RMB'000	**Derivative at fair value through profit or loss** RMB'000	**Total** RMB'000
Opening balance	102,301	718	103,019
Losses recognised in profit or loss	–	1,907	1,907
Other gains recognised in other comprehensive income (Note 11)	3,307	–	3,307
Closing balance	105,608	2,625	108,233
Total losses for the period included in profit or loss for assets held at the end of the reporting period, under "Other (losses)/gains – net"	–	1,907	1,907

Notes to the Condensed Consolidated Financial Information (Continued)

5 Financial Risk Management (Continued)

5.3 Fair value estimation (Continued)

	Available-for-sale financial assets	Derivative at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
Changes in unrealised gains or losses for the period included in profit or loss at the end of the reporting period	–	1,907	1,907
Changes in unrealised gains or losses for the period included in other comprehensive income	3,307	–	3,307

The fair value of available-for-sale financial assets was determined based on information available to the management regarding the investment portfolio, investment percentage and operating results.

The fair value of derivative financial instruments was determined based on spot price, risk free rates, expected volatility and expected dividend yield using binomial model.

For fair value measurements categorised within Level 3 of the fair value hierarchy, the significant quantitative unobservable inputs used are as follows.

Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 30/06/2016	Valuation technique	Unobservable input	inputs
	RMB'000			
Available-for-sale financial assets	111,234	Net asset value	Not applicable	Not applicable

Notes to the Condensed Consolidated Financial Information (Continued)

6 Segment Information

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

The CODM reviews the operating performance from a business perspective (i.e. nickel/copper mine, lead/zinc mine and gold mine). The reportable operating segments derive their revenue primarily from mining, ore processing and sales of nickel, copper, lead, zinc and gold products, and business of financial leasing.

For the six months ended 30 June 2016, the Group had three (note a, b and c) reportable segments:

(a) Hami Jiatai Mineral Resources Exploiture Limited ("Hami Jiatai") which held two nickel/copper mines and was mainly engaged in the mining, ore processing and sales of nickel and copper products;

(b) Hami Jinhua Mineral Resources Exploiture Limited ("Hami Jinhua") which held a lead/zinc mine and was mainly engaged in the mining, ore processing and sales of lead and zinc products; and

(c) Jia Zhao Ventures which is principally engaged in financial leasing business through Jiayi Financial Leasing in the PRC.

For the six months ended 30 June 2015, the Group had three (note d, e and f) reportable segments:

(d) Hami Jiatai;

(e) Hami Jinhua; and

(f) Shaanxi Jiahe Mineral Exploiture Ltd. ("Shaanxi Jiahe") which held a gold mine and was mainly engaged in the mining, ore processing and sales of gold products.

Apart from the three reportable segments, other activities of the Group were mainly investment holdings which are not considered as a reportable segment and therefore grouped as "Unallocated" for the purpose of financial statements disclosures.

The CODM assesses the performance of the operating segments based on operating profit. This measurement basis excludes the operating results of other insignificant activities of the Group.

Notes to the Condensed Consolidated Financial Information (Continued)

6 Segment Information (Continued)

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2016 and 2015 is as follows:

	For the six months ended							
	30 June 2016				30 June 2015			
	Hami Jiatai RMB'000	**Hami Jinhua RMB'000**	**Jia Zhao Ventures RMB'000**	**Total RMB'000**	Hami Jiatai RMB'000	Hami Jinhua RMB'000	Shaanxi Jiahe RMB'000	Total RMB'000
	(unaudited)				(unaudited)			
Segment revenue								
– Nickel concentrate	**-**	**-**	**-**	**-**	–	–	–	–
– Lead and Zinc ore	**-**	**-**	**-**	**-**	–	–	–	–
	-	**-**	**-**	**-**	–	–	–	–
Segment operating (losses)/gains	**(1,222)**	**(3,203)**	**2,230**	**(2,195)**	(1,515)	(3,044)	(400)	(4,959)
Unallocated operating losses (note (a))	**-**	**-**	**-**	**(8,499)**	–	–	–	(8,009)
Operating (loss)/profit	**(1,222)**	**(3,203)**	**2,230**	**(10,694)**	(1,515)	(3,044)	(400)	(12,968)
Segment finance costs – net	**(17)**	**(5)**	**-**	**(22)**	(16)	(15)	(49)	(80)
Unallocated finance costs	**-**	**-**	**-**	**(1,475)**	–	–	–	(7,601)
Finance costs – net	**(17)**	**(5)**	**-**	**(1,497)**	(16)	(15)	(49)	(7, 681)
Income tax (credit)/expense	**(9)**	**214**	**1,147**	**1,352**	(7)	255	–	248
Amortisation (Note 10)	**40**	**82**	**-**	**122**	40	81	–	121
Depreciation (Note 8)	**594**	**1,320**	**-**	**1914**	1,186	1,321	2	2,509

Notes to the Condensed Consolidated Financial Information (Continued)

6 Segment Information (Continued)

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follow:

	As at 30 June 2016				As at 31 December 2015			
	Hami Jiatai RMB'000	Hami Jinhua RMB'000	Jia Zhao Ventures RMB'000	Total RMB'000	Hami Jiatai RMB'000	Hami Jinhua RMB'000	Shaanxi Jiahe RMB'000	Total RMB'000
	(unaudited)				(audited)			
Segment assets	**92,965**	**154,518**	**405,237**	**652,720**	94,160	159,275	–	253,435
Unallocated assets (note (b))	**–**	**–**	**–**	**296,857**	–	–	–	371,616
Total	**92,965**	**154,518**	**405,236**	**949,577**	94,160	159,275	–	625,051
Segment liabilities	**19,375**	**22,031**	**301,761**	**343,167**	19,385	30,635	–	50,020
Unallocated liabilities (note (c))	**–**	**–**	**–**	**44,376**	–	–	–	99,291
Total	**19,375**	**22,031**	**301,761**	**387,543**	19,385	30,635	–	149,311

Notes:

(a) Unallocated operating losses for the six months ended 30 June 2016 mainly represented administrative expenses incurred by the Company and Realty Investment (Group) Limited ("Realty Investment"), which is a subsidiary of the Company incorporated in Hong Kong. Unallocated operating losses for the six months ended 30 June 2015 mainly represented fair value losses on derivative financial instruments and administrative expenses incurred by the Company and Realty Investment.

(b) Unallocated assets as at 30 June 2016 and 31 December 2015 mainly represented the available-for-sale financial assets, the refundable deposit and the bank deposits held by the Company.

(c) Unallocated liabilities as at 30 June 2016 mainly represented by long-term borrowings of the Company and unallocated liabilities as at 31 December 2015 mainly represented by long-term borrowings and convertible bonds of the Company.

Notes to the Condensed Consolidated Financial Information (Continued)

7 Business combination

On 31 March 2016, the Group acquired 100% of the issued shares in Jia Zhao Ventures and its subsidiaries and the debts due by Jia Zhao Ventures and its subsidiaries to Ms. He Ying and Ms. Niu Yinyin, previous shareholders of Jia Zhao Ventures, for a total consideration of HK$121,200,000 (equivalent to RMB100,990,000). The consideration was satisfied by the allotment and issue of 120,000,000 new shares to Ms. He Ying and Ms. Niu Yinyin at the issue price of HK$1.01 upon the completion of the acquisition. Jia Zhao Ventures is principally engaged in financial leasing business through its subsidiary in the PRC.

The following table summarises the consideration, the amounts of the assets acquired and liabilities, and the debts acquired at the acquisition date.

	31 March 2016 RMB'000
Purchase consideration	
– satisfied by issue of shares	100,990
Less: debts due by Jia Zhao Ventures to Ms. He Ying and Ms. Niu Yinyin	(100,194)
Net consideration for acquisition of 100% equity interests in Jia Zhao Ventures	796
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and banks	59
Receivables	403,102
Payables	(400,963)
Total identifiable net assets	2,198
Gains on bargain purchase	(1,402)
Acquisition-related costs (deducted in share premium)	101

	31 March 2016 RMB'000
Outflow of cash to acquire business, net of cash acquired	
– cash paid for acquisition-related costs	(101)
– cash and banks in subsidiary acquired	59
Net cash outflow on the acquisition	(42)

Notes to the Condensed Consolidated Financial Information (Continued)

8 Property, Plant and Equipment

	Buildings	Machinery and equipment	Office equipment and others	Motor vehicles	Mining structures	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended 30 June 2016 (unaudited)							
Opening net book amount	**21,618**	**6,304**	**10**	**224**	**4,502**	**31,592**	**64,250**
Depreciation (Note 19)	**(904)**	**(1,002)**	**(8)**	**–**	**–**	**–**	**(1,914)**
Closing net book amount	**20,714**	**5,302**	**2**	**224**	**4,502**	**31,592**	**62,336**
At 30 June 2016							
Cost	**35,281**	**25,205**	**301**	**6,969**	**14,393**	**31,592**	**113,741**
Accumulated depreciation	**(14,567)**	**(19,903)**	**(299)**	**(6,745)**	**(1,243)**	**–**	**(42,757)**
Impairment charge	**–**	**–**	**–**	**–**	**(8,648)**	**–**	**(8,648)**
Net book amount	**20,714**	**5,302**	**2**	**224**	**4,502**	**31,592**	**62,336**
For the six months ended 30 June 2015 (unaudited)							
Opening net book amount	23,411	11,425	12	224	10,048	59,832	104,952
Additions	–	–	16	–	–	1,317	1,333
Depreciation (Note 19)	(904)	(1,592)	(13)	–	–	–	(2,509)
Closing net book amount	22,507	9,833	15	224	10,048	61,149	103,776
At 30 June 2015							
Cost	35,281	33,250	532	6,969	14,393	61,149	151,574
Accumulated depreciation	(12,774)	(23,417)	(517)	(6,745)	(1,227)	–	(44,680)
Impairment charge	–	–	–	–	(3,118)	–	(3,118)
Net book amount	22,507	9,833	15	224	10,048	61,149	103,776

Notes to the Condensed Consolidated Financial Information (Continued)

8 Property, Plant and Equipment (Continued)

Depreciation of property, plant and equipment has been charged to administrative expenses, cost of sales and other losses as follows:

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Total depreciation	**1,914**	2,509
Less: capitalised depreciation in construction in progress	**–**	–
	1,914	2,509
Administrative expenses	**8**	13
Other losses (note (a))	**–**	58
Cost of sales	**1,906**	2,438
	1,914	2,509

Notes:

(a) Depreciation charged to other losses represented that of the assets in Hami which were rented to a third party in 2015.

Notes to the Condensed Consolidated Financial Information (Continued)

9 Mining Rights and Exploration Rights

	For the six months ended 30 June			
	2016	2015		
	Mining rights RMB'000 (unaudited)	Mining rights RMB'000	Exploration rights RMB'000 (unaudited)	Total RMB'000
Opening net book amount	**99,300**	129,235	48,128	177,363
Amortisation charge(note (a))	**–**	–	–	–
Closing net book amount	**99,300**	129,235	48,128	177,363
At 30 June				
Cost	**133,523**	143,929	48,128	192,057
Accumulated amortisation	**(3,812)**	(3,812)	–	(3,812)
Impairment charge	**(30,411)**	(10,882)	–	(10,882)
Net book amount	**99,300**	129,235	48,128	177,363

Notes:

(a) There was no amortisation for the six months ended 30 June 2015 and 2016 as there was no exploration, development or production activity.

Notes to the Condensed Consolidated Financial Information (Continued)

10 Land Use Rights

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Opening net book amount	**9,342**	9,585
Amortisation charge (Note 19)	**(122)**	(121)
Closing net book amount	**9,220**	9,464
At 30 June		
Cost	**11,136**	11,136
Accumulated amortization	**(1,916)**	(1,672)
Net book amount	**9,220**	9,464

11 Available-for-sale Financial Asset

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
At the beginning of the period	**112,286**	102,301
Addition	**–**	–
Net (loss)/profit transfer to equity	**(1,052)**	3,307
At the end of the period	**111,234**	105,608

Notes to the Condensed Consolidated Financial Information (Continued)

11 Available-for-sale Financial Asset (Continued)

Available-for-sale financial assets include the following:

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Equity investment		
– Investment in a fund (note)	**111,234**	112,286

Note:

On 29 January 2014, the Company entered into the subscription agreement and acceded to the Limited Partnership Agreement, pursuant to which the Company agreed to subscribe for Class B Limited Partnership Interests with a total capital commitment of not more than US$18 million (equivalent to HK$139.5 million), representing approximately 13.95% of the targeted total capital commitment of HK$1,000 million, in CRRI State Right Investment Fund L.P. (the ''Fund''), which is a limited partnership focusing on mining and natural resources industries, which had subscribed the convertible bonds of HK$107,500,000 issued by the Company on 19 December 2013, through its wholly owned special purpose vehicle ("ACE AXIS Limited"). The company had paid HK$139,500,000 (equivalent to RMB109,768,000) to the Fund in 2014.

On 1 April 2016, the Company entered into an agreement with ACE AXIS Limited and State Right Rui Xi Investment Fund Management Limited, the general partner of the Fund. According to the agreement, the Company's long-term borrowings will be netted off against the Company's entitlement of distribution from the Fund if the distribution occurs before the maturity date of long-term borrowings (Note 21).

Mr. Sun Zhong, the executive director of the Company, who is the indirect equity interest holder of 22.5% in the Company through Harvest Gain Limited, is also the director of the Fund and State Right Rui Xi Investment Fund Management Limited, which is the general partner of the Fund. Management has assessed the level of influence that the Group has on the Fund and determined that it has no significant influence because of the contractual terms. Consequently, this investment has been classified as an available-for-sale financial instrument.

Notes to the Condensed Consolidated Financial Information (Continued)

12 Other Receivables and Prepayments

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 *RMB'000* (audited)
Non-current assets:		
Other receivables		
– Amounts due from Peking Central Ocean Prolific Energy Power Investment Limited ("Peking Central") (note (a))	**104,586**	–
Current assets:		
Other receivables		
– Amounts due from Shanxi Panorama Corporate Management Consulting Co., Ltd. ("Shanxi Panorama") (note (b))	**200,394**	–
– Amounts due from Peking Central (note (c))	**100,197**	–
– Amounts due from Xiaoyi Dajieshan Coal Limited ("Xiaoyi Dajieshan") (note (d))	**52,600**	52,600
– Amounts due from Shaanxi Jiatai Hengrun Mineral Resource Exploiture Limited ("Shaanxi Jiatai") (note (e))	**39,350**	39,350
– Amounts due from Mr. Wei Xing (note (f))	**26,756**	26,756
– Deductible VAT input	**1,780**	1,780
– Others (note (g))	**2,848**	3,055
Less: impairment provision (note (h))	**(66,422)**	(66,422)
	462,089	57,119
Advances to suppliers – third parties	**475**	475
	462,564	57,594

Notes to the Condensed Consolidated Financial Information (Continued)

12 Other Receivables and Prepayments (Continued)

Notes:

a) In December 2015, Jiayi Financial Leasing granted loan of RMB100 million to Peking Central, which was unsecured bearing annual interest of 9% with fixed term of 5 years. Peking Central subsequently became a subsidiary of China Green Energy in January 2016.

b) In January 2016, Jiayi Financial Leasing and Shanxi Panorama entered into agreement pursuant to which Jiayi Financial Leasing granted loan of RMB200 million to Shanxi Panorama in March 2016. The loan would mature in 31 January 2017 or any other later date to be agreed by the parties.

c) In January 2016, Jiayi Financial Leasing entered into a sale and leaseback agreement with Peking Central. According to which, Jiayi Financial Leasing granted loan of RMB300 million to Peking Central pledged by certain gas properties. The loan bearing annual interest of 9% with fixed term of 13 months, of which RMB200 million was early repaid in March 2016.

d) The amounts of RMB52,600,000 due from Xiaoyi Dajieshan arised from disposal of Shaanxi Jiahe. In December 2015, the Company and Xiaoyi Dajieshan entered into an agreement, pursuant to which i) Hami Jiatai sold 100% equity interests in Shaanxi Jiahe to Xiaoyi Dajieshan for a consideration of RMB48,000,000; ii) receivables due from Shaanxi Jiahe to the Company and its subsidiaries, amounted to RMB9,400,000, was transferred to Xiaoyi Dajieshan for a consideration of RMB9,400,000. The transfer was completed in December 2015. Up to date of this interim report, the group has received RMB4,800,000 from Xiaoyi Dajieshan and the remaining balance of RMB52,600,000 would be collected by end of 2016.

e) Balance mainly represented prepayment of RMB23,500,000 for acquisition of Shaanxi Jiarun which was lapsed on 30 September 2013, proceeds of RMB8,350,000 receivable from Shaanxi Jiatai arising from disposal of plant, property and equipment and advances of RMB7,500,000 to Shaanxi Jiatai, a company owned by Mr. Wei Xing. The balance was impaired because of dispute between Shaanxi Jiatai and the Group.

Notes to the Condensed Consolidated Financial Information (Continued)

12 Other Receivables and Prepayments (Continued)

Notes: (Continued)

f) On 20 March 2013, the Company, Geo-Tech and Mr. Wei Xing have entered into a framework agreement in relation to the possible acquisitions of gold mines and mining processing plants in the Republic of Ghana. Pursuant to the agreement, the Company paid an earnest money of RMB10,000,000 (equivalent to HK$12,500,000) to Mr. Wei Xing in consideration of the grant of the exclusive negotiation right for 12 months with 90 days extended subsequently. The earnest money was subject to receiving a share charge over the entire equity interest in the mining processing company owned by Mr. Wei Xing in favour of the Company to secure the refund obligations of Mr. Wei Xing.

On 27 January 2014, the Company, Geo-Tech and Mr. Wei Xing have entered into a supplementary agreement to the framework agreement signed on 20 March 2013. Pursuant to the supplementary agreement, the Company paid a further earnest money of HK$20,000,000 (equivalent to RMB15,621,000) to Mr. Wei Xing. The earnest money was subject to receiving a share charge over the entire equity interest in the mining processing company owned by Mr. Wei Xing in favour of the Company to secure the refund obligations of Mr. Wei Xing.

On 30 June 2014, the Company, Geo-Tech and Mr. Wei Xing had entered into another supplementary agreement pursuant to which the exclusive negotiation right was extended to 31 December 2014. No supplementary agreement was signed afterwards and the aforementioned signed agreements were expired.

Up to 30 June 2016, the charging aforementioned has not yet been registered, and provision had been provided against the receivables because of dispute between Mr. Wei Xing and the Group.

g) The balances as at 30 June 2016 and 31 December 2015 mainly represented receivables from third parties, which were unsecured, interest free and had no fixed terms of repayment.

h) As of 30 June 2016, other receivables of RMB66,422,000 (31 December 2015: RMB RMB66,422,000) were impaired. The amount of the provision was RMB66,422,000 as of 30 June 2016 (31 December 2015: RMB66,422,000) which has been recognised in administrative expenses in 2015. The individually impaired receivables mainly related to Shaanxi Jiatai and Mr. Wei Xing, which are in dispute with the Group upon the refund of the receivables.

i) The carrying amounts of other receivables and prepayments approximated their fair values. The balances were mainly denominated in RMB.

Notes to the Condensed Consolidated Financial Information (Continued)

13 Cash and Cash Equivalents

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Cash on hand	**–**	–
Current deposits with banks	**28,756**	103,333
Cash and cash equivalents	**28,756**	103,333

14 Share Capital and Share Premium

	Authorised Shares of HK$0.1 each
As at 30 June 2015 and 2016	5,000,000,000

	Number of Shares (Thousands)	**Share Capital** RMB'000	**Share Premium** RMB'000	**Total** RMB'000
Opening balance 1 January 2016	**1,500,000**	**127,362**	**577,878**	**705,240**
Proceeds from shares issued (Note (a))	**120,000**	**9,999**	**90,890**	**100,889**
At 30 June 2016	**1,620,000**	**137,361**	**668,768**	**806,129**
Opening balance 1 January 2015	1,000,000	86,322	416,979	503,301
At 30 June 2015	1,000,000	86,322	416,979	503,301

Notes to the Condensed Consolidated Financial Information (Continued)

14 Share Capital and Share Premium (Continued)

Note:

(a) On 31 March 2016, 120,000,000 shares have been issued upon completion of acquisition of Jia Zhao at the issue price of HK$1.01 per share, details of which please refer to Note 7. The related transaction costs amounting to RMB101,000 have been netted off with the deemed proceeds.

15 Deferred Income Tax

Deferred tax assets

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
At the beginning of the period	**2,823**	9,749
(Charged)/Credited to consolidated income statement	**(232)**	221
At the end of the period	**2,591**	9,970

Deferred tax assets related to depreciation and others as at 30 June 2016.

Deferred tax assets related to provisions and accruals, tax losses depreciation and others as at 30 June 2015.

Notes to the Condensed Consolidated Financial Information (Continued)

15 Deferred Income Tax (Continued)

Deferred tax liabilities

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
At the beginning of the period	**24,602**	45,241
Credited to consolidated income statement	**(27)**	(27)
At the end of the period	**24,575**	45,214

Deferred tax liabilities as at 30 June 2016 related to the valuation surplus of mining rights and land use rights upon business combinations.

Deferred tax liabilities as at 30 June 2015 related to the valuation surplus of mining rights, exploration rights and land use rights upon business combinations.

16 Trade Payables

Trade payables are analysed as follows:

	As at 30 June 2016	As at 31 December 2015
	RMB'000	RMB'000
	(unaudited)	(audited)
– Third parties	**1,867**	2,523

Notes to the Condensed Consolidated Financial Information (Continued)

16 Trade Payables (Continued)

The ageing analysis of trade payables is as follows:

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
0-90 days	**22**	1,486
Over 365 days	**1,845**	1,037
	1,867	2,523

The carrying amounts of trade payables approximated their fair values. The balances were denominated in RMB.

17 Other Payables and Accruals

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Other payables (note (a))	**302,228**	3,353
Salary and welfare payables	**5,377**	5,868
Accrued taxes other than income tax (note (b))	**4,992**	5,138
	312,597	14,359

Notes to the Condensed Consolidated Financial Information (Continued)

17 Other Payables and Accruals (Continued)

Notes:

(a) Other payables are analysed as follows:

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Other payables		
– Amounts due to Zhong Ou Sheng Shi Asset Management Co., Ltd. (note (i))	**300,591**	–
– Amounts due to Mr. Wei Xing (note (ii))	**186**	186
– Third parties (note (iii))	**1,451**	3,167
	302,228	3,353

(i) In January 2016, Jiayi Financial Leasing entered into an agreement with an asset management plan operated by Zhong Ou Sheng Shi Asset Management Co., Ltd. Zhong Ou Sheng Shi Asset Management Co., Ltd granted loan of RMB300 million to Jiayi Financial Leasing, which was pledged on 20% equity interests in Peking Central held by Shanxi Panorama Corporate Management Consulting Co., Ltd, bearing interest rate of 9% with fixed term of 13 months.

(ii) Amounts due to Mr. Wei Xing were interest free and unsecured, and had no fixed terms of repayment.

(iii) Other payable to third parties mainly included advances from third parties as at 31 December 2015 and 30 June 2016.

(b) Accrued taxes other than income tax are analyzed as follows:

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Resource compensation fee	**4,269**	4,269
Value added tax	**439**	443
Resource tax	**284**	284
Others	**–**	142
	4,992	5,138

The carrying amounts of other payables approximated their fair values.

Notes to the Condensed Consolidated Financial Information (Continued)

18 Convertible bonds

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Convertible bonds (note)	**–**	62,582

Note:

The Company issued HK$107,500,000 convertible bonds of 50,000,000 conversion shares at HK$2.15 per share on 19 December 2013 ("closing date") to ACE AXIS Limited which is a special purpose vehicle of the Fund. The convertible bonds bear interest at 2% per annum which is payable semiannually. The bonds mature in two years from the closing date and shall be redeemed at 116% of their nominal value or can be converted into ordinary shares of the Company on or after 20 December 2013 up to 19 December 2015 at a price of HK$2.15 per share.

In conjunction with the convertible bonds, the Company also issued 20,000,000 warrant shares at HK$2.4 per share on 19 December 2013 to ACE AXIS Limited for no additional consideration. The warrants have a subscription period from 20 December 2013 to 19 December 2015 with an exercise price of HK$2.4 per share and maximum value of issued shares amounting to HK$48,000,000. The warrants also have transferability that the subscription rights are freely transferable either in whole or in part provided that, if necessary, the prior approval of the Stock Exchange of Hong Kong Limited shall be required for any transfer to any transferee which is a connected person of the Company.

The values of the liability component of the convertible bonds and the conversion option as well as the warrants were determined at issuance of the bond.

The convertible bonds matured on 19 December 2015. ACE AXIS Limited did not execute the conversion rights and the bonds shall be redeemed.

On the date the convertible bonds matured, ACE AXIS Limited and the Company signed a side agreement, pursuant to which, HKD50,000,000 (equivalent to RMB41,889,000) among the matured amount would be converted to a two-year loan with 10% annual interest, and the residual amount of HKD74,700,000 (equivalent to RMB62,582,000) was repaid in January 2016. As a result, HKD50,000,000 (equivalent to RMB41,889,000) was transferred to long-term borrowings.

Notes to the Condensed Consolidated Financial Information (Continued)

18 Convertible bonds (Continued)

Notes: (Continued)

The convertible bonds recognised in the consolidated balance sheet is calculated as follows:

	2016 RMB'000 (unaudited)
Liability component as at 1 January 2016	**62,582**
Repayment	**(62,582)**
Liability component as at 30 June 2016	**–**

	2015 RMB'000 (unaudited)
Liability component as at 1 January 2015	84,547
Interest expense (Note 21)	7,776
Interest payable/paid	(840)
Exchange losses	(29)
Liability component as at 30 June 2015	91,454

19 Expenses by Nature

The following items have been charged to the operating losses for the six months ended 30 June 2016 and 2015:

	For the six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Depreciation (Note 8)	**1,914**	2,451
Amortisation (Note 10)	**122**	121
Employee benefit expenses	**4,761**	4,211
Travel fare	**118**	199
Office expenses and operating lease payments	**3,053**	3,136
Consulting fees	**4,179**	753
Others	**148**	415
Total of cost of sales and administrative expenses	**14,295**	11,286

Notes to the Condensed Consolidated Financial Information (Continued)

20 Other Gains/(Losses)- Net

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Income from financial leasing (Note 12)	**8,975**	–
Expense from financial leasing (Note 17)	**(6,731)**	–
Bargain gains (Note 7)	**1,402**	–
Fair value losses on derivative financial instruments	**–**	(1,907)
Others	**(45)**	225
	3,601	(1,682)

21 Finance Costs – Net

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Finance income		
– Interest income from bank deposits	**(62)**	(181)
Finance costs		
Foreign exchange losses	**310**	–
Interest expense		
– Convertible bonds (Note 18)	**–**	7,776
– Long term borrowing	**1,224**	–
– Unwinding of discount – provision for close down, restoration and environmental costs	**25**	86
	1,559	7,862
Finance costs – net	**1,497**	7,681

Notes to the Condensed Consolidated Financial Information (Continued)

22 Income Tax Expense/(Credit)

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax	**1,147**	–
Deferred tax	**205**	(248)
Income tax expense/(credit)	**1,352**	(248)

The Company is an exempted company incorporated in the Cayman Islands and, as such, is not liable for taxation in the Cayman Islands on its non-Cayman Islands income.

Realty Investment (Group) Limited is subject to Hong Kong profits tax at the tax rate of 16.5% but did not have any assessable profit for the six months ended 30 June 2016 and 2015.

The applicable tax rate of Huili Runce, Hami Jiatai, Hami Jinhua, Shaanxi Jiahe and Jiayi Financial Leasing are 25%, but there were not any assessable profit for the six months ended 30 June 2016 and 2015 when relevant.

Notes to the Condensed Consolidated Financial Information (Continued)

23 Loss per Share

The basic loss per share is calculated by dividing the loss attributable to the equity holders of the Company by weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss attributable to equity holders of the Company	**(13,310)**	(20,160)
Adjusted weighted average number of shares in issue (in thousands)	**1,529,918**	1,000,000
Basic and diluted loss per share (RMB)	**(0.009)**	(0.020)

Diluted loss per share equals to basic loss per share as there was no dilutive potential share outstanding for the six months ended 30 June 2016 and 2015.

24 Related Party Transactions

For the six months ended 30 June 2016 and 2015, the Group had the following material transactions with related parties:

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Key management compensation		
Basic salaries, allowances and other benefits	**560**	646
Contributions to pension plan	**–**	5
	560	651

Notes to the Condensed Consolidated Financial Information (Continued)

25 Commitments

(a) Capital commitments

There is no contracted capital expenditure as at 30 June 2016 and 31 December 2015.

(b) Operating lease commitments

The Company leases various offices under non-cancelable operating lease agreements.

The future aggregate minimum lease payments under non-cancelable operating lease are as follows:

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
No later than 1 year	**681**	1,845
Later than 1 year and no later than 5 years	**–**	–
Later than 5 years	**–**	–
	681	1,845

26. Subsequent events

On 29 July 2016, the Group entered into an agreement in relation to the acquisition of the entire equity interest in China Green Energy. The trading in the Shares has been suspended since 1 August 2016, pending the release of an announcement relating to the acquisition. As at the date of this interim report, the Company is in the process of preparing and finalising the announcement which is inside information of the Company.

Management Discussion and Analysis

Business Review

The Company participates in non-ferrous ore mining and processing. The diversified non-ferrous metal minerals covered by the Company's operation include nickel, copper, zinc and lead in Xinjiang province, the People's Republic of China (the ''PRC''). The mining and exploration tenements and ore processing plants in Xinjiang are located close to the municipal city of Hami, which is approximately 400 km south east of Urumqi, the capital of Xinjiang Uygur Autonomous Region.

The Company's subsidiaries Hami Jinhua Mineral Resource Exploiture Limited ("Hami Jinhua") and Hami Jiatai Mineral Resource Exploiture Limited ("Hami Jiatai"), own two mining permits and three exploration permits in Xinjiang. In the first half of 2016, prices of copper, nickel, zinc and lead still fluctuated at relatively low levels. Due to the recent depression of commodity market coupled with the external sophisticated requirements in the PRC, the Company has strategically deferred its mining and exploration activities.

The downturn in the industry also provides a good timing to acquire natural resources and the company has actively explored acquisition opportunities with promising return in order to expand and diversify its business and to enhance the investment return of the Group and the shareholders as a whole. During the period, the Group has commenced the financial leasing business and entered into formal agreement for acquisition of oil and gas business.

Mines under Operation

Hami Jinhua and Hami Jiatai hold two mining permits, namely No. 20 Mine and Baiganhu Mine. No. 20 Mine produces copper and nickel ore. Further exploration and study of the deep ore deposit on the west of Shaft 6 are being considered. To meet new requirements of safety production, No. 20 Mine is to upgrade its lifting system before the production relaunch. Baiganhu Mine produces lead and zinc ore. Further exploration and study of ore bodies are being considered. It is setting up the underground production systems and facilities for safety production before the production initiation.

Management Discussion and Analysis (Continued)

Exploration Permits

Hami Jiatai holds three exploration permits in Xinjiang namely Baiganhu Gold, H-989 and Heishan, with minerals covering gold, nickel and copper. Preliminary exploration and/or drilling plans for such tenements is being considered. Hami Jiatai had conducted some exploration at Baiganhu Gold tenement, and identified the preliminary mineralization band and the ore deposit. Subject to the market condition, the Company will devote reasonable resources to carry out further exploration in order to enrich the resources base.

Ore Processing Plants

Hami Jiatai operates a copper-nickel ore processing plant and Hami Jinhua owns a lead-zinc ore processing plant. Both plants are used to treat ore extracted from the deposits, and adopt a non-conventional flotation circuit. The throughput capacity of both plants is 1,500 tpd. Nickel, copper, lead and zinc concentrates are separated and recovered from bulk concentrate for sale. During the first half of 2016, Hami Jiatai and Hami Jinhua did not carry out any mining and processing activities.

Financial Leasing

To diversify the business activities and broaden the revenue base of the Group, the Group commenced the financial leasing business in the PRC through the acquisition of Jia Zhao Ventures Limited ("Jia Zhao"), which provides financial leasing services through its subsidiary Jiayi Financial Leasing Company Limited in the PRC.

Results Review

Revenue and cost of sales

There was no revenue recorded for the six months ended 30 June 2016 (the"Period")(2015: nil). Cost of sales of RMB2.4 million (2015: RMB2.5 million) represented mainly depreciation charges and staff cost of the mines under operation. Gross loss for the Period amounted to RMB2.4 million (2015: RMB2.5 million).

Management Discussion and Analysis (Continued)

Administrative expenses

Administrative expenses for the Period, which included mainly depreciation charges, consulting fees, staff costs and office overheads, amounted to RMB11.9 million (2015: RMB8.8 million). The increase in administrative expenses was mainly due to increase in consulting fees in respect of potential acquisition of subsidiaries during the Period.

Other gains/(losses) – net

Other gains for the Period mainly represented income from financial leasing of RMB9 million, bargain gains from acquisition of Jia Zhao of RMB1.4 million netting off expenses from financial leasing of RMB6.7 million. In 2015, other losses mainly represented fair value losses on derivative financial instruments of the convertible bonds of RMB1.9 million. As the convertible bonds matured in December 2015, there were not such fair value losses recognised during the Period.

Finance costs – net

Finance cost mainly represented the interest for long term borrowing to the former holder of convertible bonds of RMB1.2 million (2015: nil) and foreign exchange losses of RMB0.3 million. In 2015, the Group recorded interest expense on convertible bonds of RMB7.8 million. As the convertible bonds matured in December 2015, no interest expense on convertible bonds was recognized for the Period.

Income tax expense/(credit)

Income tax expense for the Period was RMB1.4 million (2015: tax credit of RMB0.2 million). It mainly represented tax provision for operations in the PRC of RMB1.1 million. No provision for profits tax in Hong Kong and PRC operation was made in 2015.

Management Discussion and Analysis (Continued)

Significant Investments, Material Acquisitions and Disposals

Acquisition of Jia Zhao

On 4 March 2016, the Group entered into a sale and purchase agreement with two independent vendors to purchase the entire issued share capital of Jia Zhao and its subsidiaries, which is principally engaged in financial leasing business in the PRC, at a total consideration HK$121.2 million by allotment and issue of 120,000,000 new shares at the issue price of HK$1.01 to the vendors. The acquisition was completed on 31 March 2016. Details of the acquisition were set out in the announcement of the Company dated 4 March 2016.

Possible acquisition for oil and gas business in the PRC ("Possible Acquisition")

In December 2015, the Company, Million Giant International Limited, Merit Progress Investments Limited and Proven Bravo Limited (collectively the"Vendors") entered into an memorandum (the"Memorandum") pursuant to which the Company or its subsidiary intended to acquire the entire issued share capital of China Grand Vision Holdings Limited, which is principally engaged in exploration, development, production and sale of the coalbed methane (oil and gas) in Shanxi Province, the PRC. The Company has paid US$25 million (equivalent to HK$195 million) as earnest money under the Memorandum. During the Period the Company entered supplemental memorandums in respect of the Possible Acquisition with the Vendors pursuant to which the target company under the Memorandum has been changed to China Green Energy Investment Limited (due to group restructuring by the Vendors) and the long stop date of the Memorandum has been extended to 30 September 2016. On 29 July 2016, the Group entered into a formal agreement with the Vendors in respect of the Possible Acquisition. The Possible Acquisition is subject to approval of The Hong Kong Stock Exchange Limited and the shareholders of the Company. Further announcement(s) will be made by the Company as and when appropriate.

Save as disclosed above, there were no other significant investments, material acquisitions and disposals during the Period.

Management Discussion and Analysis (Continued)

Liquidity and Financial Review

The Group financed its day to day operations by internally generated cash flow during the Period. Primary uses of funds during the Period included payment of operating expenses and repayment of convertible bonds of RMB62.6 million (equivalent to HK$74.7 million) in January 2016.

As at 30 June 2016, current assets of RMB394.4 million (31 December 2015: RMB171.2 million) were comprised of inventories of RMB6.5 million, trade receivables of RMB1.2 million, other receivables and prepayments of RMB358 million and cash and cash equivalents of RMB28.7 million. Current liabilities of RMB315.9 million (31 December 2015: RMB79.7 million) were comprised of trade payables of RMB1.9 million, other payables and accruals of RMB312.6 million and income tax payable of RMB1.4 million. Current ratios, being total current assets to total current liabilities, were 2.15 and 1.25 as at 31 December 2015 and 30 June 2016 respectively.

As at 30 June 2016, there was no outstanding interest-bearing bank loan (31 December 2015: Nil). As at 30 June 2016, there was a two-year loan of HKD50,000,000 (equivalent to RMB42,734,000) (31 December 2015: HKD50,000,000, equivalent to RMB41,889,000) with 10% fixed annual interest.

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

Gearing Ratio

Gearing ratio of the Group is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents. Total capital is calculated as total equity plus net debt. As at 30 June 2016, the gearing ratio was 2.64% (31 December 2015: 0.24%).

Management Discussion and Analysis (Continued)

Charges on Company's assets, Commitments and Contingent Liabilities

As at 30 June 2016, the Group had no contracted capital expenditure (31 December 2015: nil) and no investment commitments (31 December 2015: nil).

As at 30 June 2016, the future aggregate minimum lease payments under non-cancellable operating leases of various offices was approximately RMB0.7 million (31 December 2015: RMB1.8 million).

There were no charges on the Company's assets as at 30 June 2016 (31 December 2015: Nil).

The Group may be subject to new environmental laws and regulations that may impose contingencies upon 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 significant costs and liabilities on the Group. Save as disclosed above, as at 30 June 2016, the Group had no material contingent liability (31 December 2015: nil).

Human Resources and Share Option Scheme

As at 30 June 2016, the Group employed 42 employees. The total staff costs for the Period were approximately RMB4.8 million (2015: RMB4.2 million). The salaries of employees largely depend on their job nature, performance and length of service with the Group. The directors' remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities and performance of the Group. Discretionary bonuses are also available to the Group's employees depending on the overall performance of the Group.

In addition to the basic remuneration, the Group also provides employees with employees benefits, including pension, medical scheme and other applicable social insurance as required by the applicable laws and regulations. Apart from regular on-job training, the Group provides training to new employees including an introduction to relevant regulations and general safety awareness and a workshop specific training to the work area and the role of individual within the workshop. Directors and employees, among others, are entitled to participate in the share option scheme at the discretion of the board. No share option was issued and outstanding as at 30 June 2016.

Management Discussion and Analysis (Continued)

Future Outlook

The demand for basic metals in China slowed down in recent years. The producers struggled to survive and many of them postponed their production activities in order to survive the downturns. However, the Company considers that the unsatisfactory performance of the mining business in recent year is normal as part of the business cycle of the industry. It is the Company's intention to continue the operation of its existing mines and processing plants, and to explore the tenements for which it has already obtained the exploration permits. The Company is in the process of formulating new production plans to resume commercial production of certain of its mines, and will resume the mining and processing activities when the economic and business environment of non-ferrous mineral ore mining improve again.

Other than continuously carry out more exploration and study of current mines and tenements in order to extend the mine service lives and preserve the value of the assets, the Company will be actively facilitating the completion of the Possible Acquisition and seeking for other acquisition opportunities to broaden the revenue sources, diversify existing business, and enhance investment return for the Company and to create value to all the shareholders. The Company sees that the industrial bottom provides a good timing to acquire more natural resources and prime assets, leveraging the Company's competitive advantages of geologic and exploration expertise, business network in natural resource sector, and fundraising access. The target group under the Possible Acquisition presents a mature upstream natural gas project which has been profitable since its commencement of pilot production and generates sound and steady cash inflow. The Possible Acquisition is expected to diversify the Group's resources portfolio into a portfolio of diversified non-ferrous metals and natural gas which will help offset the current negative impact of the depression in non-ferrous metal market and lower the Company's business risk in the future. As such, the Company believes that the Possible Acquisition is in accordance with the Company's development strategy. The Company will continue to invest in its existing mining and exploration projects, as well as to facilitate the possible acquisition and to seek for other potential acquisition opportunities.

Management Discussion and Analysis (Continued)

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2016, the following directors or the chief executives of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Name of director	Nature of interest	Total interest in shares	Approximate percentage of the Company's issued share capital
Mr. Wang Dayong (note 1)	Interest in a controlled corporation	411,514,702 (L)	25.40%
Mr. Sun Zhong (note 2)	Interest in a controlled corporation	364,500,000 (L)	22.50%
		364,500,000 (S)	22.50%

Remarks: (L): Long position; (S): Short position

Notes:

1. The shares were held by Sky Circle International Limited which is wholly owned by Mr. Wang Dayong.

2. The shares were held by Harvest Gain Investments Limited which is wholly owned by Mr. Sun Zhong. Pursuant to the agreement dated 23 January 2015 and the supplemental agreement dated 12 August 2015, Harvest Gain Investments Limited agreed to transfer 364,500,000 shares to Feng Long Limited, which is wholly owned by Mr. Liu Mingzhong. The share transfer was not yet completed as at date of this interim report.

Management Discussion and Analysis (Continued)

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares (Continued)

Interests in the shares of associated corporations of the Company

Name	Name of associated corporation	Nature of interest	Approximately percentage of interest in the share capital of the associated corporation
Mr. Wang Dayong	Sky Circle International Limited	Beneficial owner	100%
Mr. Sun Zhong	Harvest Gain Investments Limited	Beneficial owner	100%

Save as disclosed above, as at 30 June 2016, none of the directors and chief executives of the company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Management Discussion and Analysis (Continued)

Person who have an interest in shares and underlying shares discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as was known to the Directors and the chief executive of the Company, as at 30 June 2016, the following persons (not being directors or chief executive of the Company of which interests were disclosed above) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Nature of interest	Total interests in shares	Approximate percentage of the Company's issued share capital
Sky Circle International Limited	Beneficial owner (Note 1)	411,514,702 (L)	25.40%
Ms. Yuan Hong	Interest of spouse (Note 1)	411,514,702 (L)	25.40%
Harvest Gain Investments Limited	Beneficial owner (Note 2)	364,500,000 (L) 364,500,000 (S)	22.50% 22.50%
Feng Long Limited	Beneficial owner (Note 2)	364,500,000 (L)	22.50%
Mr. Liu Mingzhong	Interest in a controlled corporation (Note 2)	364,500,000 (L)	22.50%
Legend Vantage Limited	Beneficial owner (Note 3)	188,638,883 (L)	11.64%
Mr. Li Guangrong	Interest in a controlled corporation (Note 3)	188,638,883 (L)	11.64%

Remarks: (L): Long position; (S): Short position

Person who have an interest in shares and underlying shares discloseable under Divisions 2 and 3 of Part XV of the SFO (Continued)

Notes:

1. Ms. Yuan Hong is the wife of Mr. Wang Dayong. Mr. Wang is the legal and beneficial owner of the entire issued share capital of Sky Circle International Limited.

2. Mr. Sun Zhong is the legal and beneficial owner of the entire issued share capital of Harvest Gain Investments Limited. Pursuant to the agreement dated 23 January 2015 and the supplemental agreement dated 12 August 2015. Harvest Gain Investments Limited agreed to transfer 364,500,000 Shares to Feng Long Limited which is wholly owned by Mr. Liu Mingzhong. The share transfer was not yet completed as at date of this interim report.

3. Mr. Li Guangrong is the legal and beneficial owner of the entire issued share capital of Legend Vantage Limited.

Save as disclosed above, as at 30 June 2016, the directors and the chief executive of the Company were not aware of any other person who had, or was deemed to have, interests and/or short positions in the shares or underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO.

Dividend

The directors do not recommend the payment of any interim dividend in respect of the Period.

Purchase, Redemption or Sale of Securities

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

Management Discussion and Analysis (Continued)

Code on Corporate Governance Practices

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 (the"Code") which adopted practices that meet the requirements set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited (the"Listing Rules") during the Period, with the following exception:

Under provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. All independent non-executive directors of the Company were not appointed for a specific term but all of them are subject to retirement by rotation in accordance with the Articles of Association of the Company. The Board considers that sufficient measures were taken to ensure the corporate governance practices of the Company are not less than those in the Code.

Model Code for Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for directors' securities transactions. Having made specific enquiry of all directors, all directors of the Company have complied with required standard set out in the Model Code throughout the Period.

Review by Audit Committee

The Company has an audit committee which 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, internal controls and risk management systems. The audit committee comprises three independent non-executive directors of the Company. The audit committee has reviewed the interim results for the six months ended 30 June 2016.

By order of the Board
Huili Resources (Group) Limited
Wang Dayong
Chairman

Hong Kong, 19 August 2016