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滙力集團
HUILI GROUP

Huil Resources (Group) Limited

滙力資源(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1303)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY
INVOLVING THE ISSUE OF CONSIDERATION SHARES
UNDER GENERAL MANDATE**

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 25 June 2024 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor in respect of the Acquisition. Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire, and the Vendor has agreed to sell the Sale Share, representing the entire issued share capital of the Target Company, at a Consideration of HK\$35,200,000. The Consideration shall be satisfied by the Company by the allotment and issue of 73,333,333 Consideration Shares to the Vendor at the Issue Price of approximately HK\$0.48 per Consideration Share upon Completion.

The Consideration Shares represent (i) approximately 3.8% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.6% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there will be no change in the share capital of the Company prior to the Completion).

The Consideration Shares will be allotted and issued under the General Mandate and are not subject to the approval of the Shareholders. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when allotted and issued, shall rank *pari passu* with the Shares in issue.

Upon Completion, the Group will be interested in the entire issued share capital of the Target Company and the Target Company will become an indirect wholly-owned subsidiary of the Company. As at the date of this announcement, Zhuhai Mutong is wholly-owned by the Target Company and Luyuan Xinneng is wholly-owned by Zhuhai Mutong. As such, the financial information of the Target Group will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a disclosable transaction on the part of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of the relevant conditions, therefore the Acquisition may or may not proceed. Accordingly, the Acquisition may or may not materialise and Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that on 25 June 2024 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor in respect of the Acquisition. Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire, and the Vendor has agreed to sell the Sale Share, representing the entire issued share capital of the Target Company, at a Consideration of HK\$35,200,000. The Consideration shall be satisfied by the Company by the allotment and issue of 73,333,333 Consideration Shares to the Vendor at the Issue Price of approximately HK\$0.48 per Consideration Share upon Completion.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date : 25 June 2024 (after trading hours of the Stock Exchange)

Parties : (i) The Vendor; and

(ii) The Purchaser

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser agreed to acquire, and the Vendor agreed to sell the Sale Share, representing the entire issued share capital of the Target Company. The Vendor shall also transfer the Vendor's Loan to the Purchaser (or its designated entity) at the nominal consideration of RMB1 (equivalent to approximately HK\$1.1) at Completion.

Consideration

The Consideration of the Acquisition, being HK\$35,200,000, shall be satisfied by the Company by the allotment and issue of 73,333,333 Consideration Shares to the Vendor under the General Mandate at the Issue Price of approximately HK\$0.48 per Consideration Share upon Completion.

The Consideration was determined based on arm's length negotiations between the Purchaser and the Vendor with reference to, among others, the preliminary valuation of the Target Group based on the financial position as at 31 March 2024 (without taking into account of the Vendor's Loan to be transferred to the Purchaser (or its designated entity) at the nominal consideration of RMB1 (equivalent to approximately HK\$1.1) at Completion) of approximately RMB31,223,000 (equivalent to approximately HK\$34,345,300) conducted by an independent third party valuer using an asset-based approach.

The Consideration Shares

Issue Price

The Consideration Shares will be issued at the Issue Price of approximately HK\$0.48 per Share, which represents:

- (i) a discount of approximately 12.7% to the closing price of HK\$0.550 per Share as quoted on the Stock Exchange as at the date of the Sale and Purchase Agreement;

- (ii) a discount of approximately 17.2% over the average closing price of approximately HK\$0.580 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Sale and Purchase Agreement;
- (iii) a discount of approximately 1.4% to the average closing price of approximately HK\$0.487 per Share as quoted on the Stock Exchange for the thirty consecutive trading days of the Shares immediately prior to the date of the Sale and Purchase Agreement; and
- (iv) a premium of approximately 7.6% to the consolidated net assets value attributable to equity holders of the Company per Share of approximately RMB0.4054 (equivalent to approximately HK\$0.4459) based on a total of 1,943,988,000 Shares in issue and the consolidated net assets value attributable to equity holders of the Company of approximately RMB788 million as at 31 December 2023.

The Issue Price was determined after arm's length negotiation between the Company and the Vendor with reference to, among other things, the recent price performance of the Shares and the prevailing market conditions.

Number of Consideration Shares

The Consideration Shares represent (i) approximately 3.8% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.6% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there will be no change in the share capital of the Company prior to the Completion).

Ranking

The Consideration Shares, when allotted and issued, will rank pari passu in all respects with the Shares in issue.

General Mandate to issue the Consideration Shares

The Consideration Shares will be allotted and issued pursuant to the General Mandate. Under the General Mandate, the Directors are allowed to allot and issue up to 20% of the total number of the issued Shares. The maximum number of Shares that can be issued under the General Mandate is 388,797,600 Shares. As at the date of this announcement, the Company has not allotted and issued any Shares pursuant to the General Mandate and the General Mandate is sufficient for the allotment and issue of the Consideration Shares.

Application for Listing

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Conditions precedent

Completion is conditional upon and subject to the satisfaction (or waiver, as the case may be) of the following conditions:

- (1) the Purchaser being satisfied with the results of the due diligence review to be conducted in relation to the Acquisition;
- (2) the Listing Committee granting the listing of and the permission to deal in the Consideration Shares;
- (3) all necessary consents and approvals required to be obtained on the part of the Vendor and the Target Group in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (4) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained; and
- (5) the representations and warranties of the Vendor in the Sale and Purchase Agreement remaining true and accurate and not misleading, and there being no events, facts or circumstances that constitute a breach of the Vendor's representations and warranties in the Sale and Purchase Agreement in relation to the Vendor and/or the Target Group.

The Purchaser may at its absolute discretion at any time waive in writing any of the conditions (1) and (5) above and such waiver may be made subject to such terms and conditions as may be determined by the Purchaser. Other than conditions (1) and (5), all other conditions set out above cannot be waived. If any of the conditions set out in the Sale and Purchase Agreement have not been satisfied (or as the case may be, waived) on or before 31 December 2024 (or such later date as may be agreed between the Vendor and the Purchaser in writing), the Sale and Purchase Agreement shall cease and determine.

Completion

Completion shall take place on the Completion Date after fulfilment (or waiver, as the case may be) of all the conditions precedent under the Sale and Purchase Agreement.

Upon Completion, the Group will be interested in the entire issued share capital of the Target Company and the Target Company will become an indirect wholly-owned subsidiary of the Company. As at the date of this announcement, Zhuhai Mutong is wholly-owned by the Target Company and Luyuan Xinneng is wholly-owned by Zhuhai Mutong. As such, the financial information of the Target Group will be consolidated into the financial statements of the Group.

INFORMATION ON THE PARTIES

The Group

The Company is an investment holding company. The Group is principally engaged in (i) the trading of coal; (ii) provision of coal processing services; (iii) coal service supply chain; and (iv) mining, processing and sale of lead and zinc products in the PRC.

The Vendor

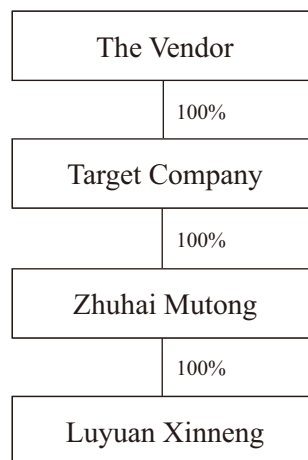
The Vendor is a merchant.

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

The Target Group

Shareholding Structure of the Target Group

Set out below is the shareholding structure of the Target Group as at the date of this announcement:



Set out below is the shareholding structure of the Target Group immediately after Completion:



The Target Company

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. The Company is the holding company of Zhuhai Mutong.

Zhuhai Mutong

Zhuhai Mutong is a company established in the PRC with limited liability and is principally engaged in investment holding. The Company is the holding company of Luyuan Xinneng.

Luyuan Xinneng

Luyuan Xinneng is a company established in the PRC with limited liability and is principally engaged in (i) supply chain management services; and (ii) general cargo storage services.

Set out below is the unaudited consolidated financial information of the Target Group for the period from 20 October 2022 (being the date of incorporation of the Target Company) to 31 December 2022 and the year ended 31 December 2023:

| | For the period from 20 October 2022 to 31 December 2022 | | For the year ended 31 December 2023 | |
|--------------------------|--|--|--|--|
| | (unaudited) | Equivalent to approximately | (unaudited) | Equivalent to approximately |
| | <i>RMB'000</i> | <i>HK\$'000</i> | <i>RMB'000</i> | <i>HK\$'000</i> |
| Revenue | 815,991 | 897,590 | 458,550 | 504,405 |
| Profit before income tax | 2,550 | 2,805 | 3,131 | 3,444 |
| Profit after income tax | 1,901 | 2,091 | 2,140 | 2,354 |

Based on the unaudited consolidated management accounts of the Target Group, the consolidated net asset value of the Target Group as at 31 March 2024 was approximately RMB2,551,000 (equivalent to approximately HK\$2,806,000).

ADJUSTED NET ASSET VALUE

Based on the unaudited consolidated management accounts of the Target Group, the consolidated net asset value of the Target Group as at 31 March 2024 was approximately RMB2,551,000 (equivalent to approximately HK\$2,806,000) as there was the Vendor's Loan of RMB26,300,000 (equivalent to approximately HK\$28,930,000). Pursuant to the terms of the Sale and Purchase Agreement, the Vendor's Loan will be transferred to the Purchaser (or its designated entity) at the nominal consideration of RMB1 (equivalent to approximately HK\$1.1) upon Completion. As such, the adjusted net asset value (the "**Adjusted NAV**") of the Target Group as at 31 March 2024 was approximately RMB28,851,000 (equivalent to approximately HK\$31,736,000) if the Vendor's Loan was not taken into account.

VALUATION

The preliminary valuation (the "**Valuation**") of the Target Group of approximately RMB4,923,000 (equivalent to approximately HK\$5,415,000) as at 31 March 2024 (the "**Valuation Date**") was prepared by an independent third party valuer, Masterpiece Valuation Advisory Limited (the "**Independent Valuer**"). The Independent Valuer has qualifications as a member of the Hong Kong Institute of Surveyors (General Practice), Associate Member of the Australian Property Institute and a Registered Professional Surveyor (General Practice) registered with the Surveyors Registration Board, with more than 20 years' experience in financial valuation, property valuation and business consulting in Hong Kong and the PRC. The Valuation is based on fair value and the Independent Valuer adopted an asset-based approach as at the Valuation Date.

Pursuant to the asset-based valuation assessment undertaken by the independent valuer, Masterpiece Valuation Advisory Limited, the fair value of the Target Company's identifiable assets and liabilities has been determined as of 31 March 2024. The independent valuer has adopted an asset-based approach to ascertain the fair value of the Target Company's individual assets and corresponding liabilities, as reflected in the entity's unaudited balance sheet as of the valuation date.

In determining the valuation approaches, the Independent Valuer considered three generally accepted valuation approaches, namely the income approach, asset-based approach and market approach. The income approach requires subjective assumptions and financial projections which are unavailable given the Target Company is asset holding company. Comparable market multiples cannot be applied under the market approach for the same reason.

Among the three approaches, the asset-based approach is the most appropriate methodology to determine the fair value of the Target Company. This approach values an enterprise based on the fair value of its identifiable assets and liabilities. As the Target Company primarily hold bank balances, receivables and property, plant and equipment, the asset-based approach is considered suitable.

| Assets/liabilities | Carrying Value as at 31 March 2024 RMB | Fair Value as at 31 March 2024 RMB |
|---|---|---|
| Assets | | |
| Property, plant and equipment (<i>Note 1</i>) | 19,549,929 | 21,922,672 |
| Bank balances, cash and other current assets (<i>Note 2</i>) | 23,565,642 | 23,565,642 |
| Account receivables (<i>Note 2</i>) | 164,056,747 | 164,056,747 |
| | <u>207,172,318</u> | <u>209,545,061</u> |
| Liabilities (<i>Note 3</i>) | | |
| Accounts payable | (172,813,105) | (172,813,105) |
| Contract liabilities | (1,386,129) | (1,386,129) |
| Employee remuneration payables | (1,982,744) | (1,982,744) |
| Tax payables | (244,307) | (244,307) |
| Other payables | (1,061,095) | (1,061,095) |
| Vendor's Loan | (26,300,000) | (26,300,000) |
| Deferred tax liabilities | (834,434) | (834,434) |
| | <u>(204,621,814)</u> | <u>(204,621,814)</u> |
| Net assets | 2,550,504 | 4,923,247 |
| 100% equity value | 2,550,504 | 4,923,247 |
| Add: Vendor's Loan to be transferred (<i>Note 4</i>) | 26,300,000 | 26,300,000 |
| | <u>28,850,504</u> | <u>31,223,247</u> |
| 100% equity value (excluding Vendor's Loan to be transferred to the Purchaser) | <u>28,850,504</u> | <u>31,223,247</u> |

Notes:

- Property, plant and equipment involved plant and equipment used by the Target Group for carrying out their normal course of business. Plant and equipment (with a carrying value of RMB19,549,929) have been valued by cost approach at a fair value.
 - The fair value of the plant and equipment and intangible assets was approximately RMB21,923,000.
- For account receivables, bank balances, cash and other current assets, as confirmed with the management and analyzing their natures, we assume that the net book values of the above assets should reasonably represent their fair values as of the Valuation Date.
- All items of liabilities are cited from the financial statement as of 31 March 2024. As confirmed with the management, all liabilities stated in the financial statement have fully reflected the indebtedness of the Target Group. Therefore, the entire amount of liabilities has been adopted in the valuation.

4. According to the management of the Company, Vendor's Loan of RMB26,300,000 will be transferred to the Purchaser (or its designated entity) at a nominal consideration of RMB1 upon completion of the transaction.

The aggregate appraised value of the entire issued share capital of the Target Company excluding the Vendor's Loan to be transferred to the Purchaser as at the Valuation Date is approximately RMB31,223,000 (equivalent to approximately HK\$34,345,300).

The Board is of the view that the Valuation, which was based on fair value and the basis set out above, is fair and reasonable as it represents an objective measure of the value of the Target Group.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 1,943,988,000 Shares in issue. The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately upon Completion and the allotment and issue of the Consideration Shares (assuming there will be no change in the share capital of the Company prior to the Completion):

| Shareholder | As at the date of this announcement | | Immediately upon the allotment and issue of Consideration Shares | |
|---|--|---------------------|--|---------------------|
| | Number of Shares | Approximate % | Number of Shares | Approximate % |
| Sky Circle International Limited (<i>Note 1</i>) | 521,000,000 | 26.8 | 521,000,000 | 25.8 |
| Feng Yuantao | 306,522,040 | 15.8 | 306,522,040 | 15.2 |
| Prosper Union Holdings Limited (<i>Note 2</i>) | 137,792,017 | 7.1 | 137,792,017 | 6.8 |
| Vendor | – | – | 73,333,333 | 3.6 |
| Other public shareholders | 978,673,943 | 50.3 | 978,673,943 | 48.6 |
| Total | <u>1,943,988,000</u> | <u>100.0</u> | <u>2,017,321,333</u> | <u>100.0</u> |

Notes:

- Mr. Cui Yazhou (“**Mr. Cui**”) is the legal and beneficial owner of the entire issued share capital of Sky Circle International Limited which holds 521,000,000 shares of the Company, and thus Mr. Cui is deemed to be interested in such shares of the Company under the SFO.
- Mr. Ye Xin (“**Mr. Ye**”) is the legal and beneficial owner of the entire issued share capital of Prosper Union Holdings Limited which holds 137,792,017 shares of the Company, and thus Mr. Ye is deemed to be interested in such shares of the Company under the SFO.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and the Group is principally engaged in (i) the trading of coal; (ii) provision of coal processing services; (iii) coal service supply chain; and (iv) mining, processing and sale of lead and zinc products in the PRC.

The Company has developed rapidly in its coal business in the past two years. Since the launch of the coal business in 2019, the revenue has increased from approximately RMB86 million in 2019 to approximately RMB2.85 billion in 2023, and the profit from the coal business segment has also increased from approximately RMB590,000 in 2019 to approximately RMB210 million in 2023. The coal business has become an indispensable business segment for the Company, and it is also the Company's key business and growth driver in the future.

In order to seize future growth opportunities, the Group needs to further expand the Group's storage and supply chain capabilities. The core assets of the Target Group are two coal sheds and the associated machineries of such coal sheds. The expected total storage capacity of the two coal sheds is 120,000 tonnes of coal. The coal sheds are located in Shanxi province, the PRC, which is close to the Group's existing coal washery plant and is about 16.7km southeast of Changzi county, the PRC, connected by a county-level asphalt road and a provincial highway from Changzhi to Gaoping. It is 5km east of National Highway 207 and 5.8km from Jinchang Expressway. It is 2.5km from Tailuo Highway, 2.5km from Taijiao Railway Line and Dongtianliang Coal Transportation Station, and has very convenient road and rail transportation. From an operational perspective, this location is a prime location and can provide an additional source of supply for the Group's trading business.

The coal sheds and the specialised equipment allow the Company to fulfill the storage, loading and coal mixing demands of its customers in Shanxi province, the PRC and the Acquisition will allow the Group to enhance the value chain of the coal business through providing additional storage and coal mixing services to the Group's customers, and in turn strengthen the competitiveness of the Group. The Acquisition would allow the Group to have immediate access to existing coal sheds and the specialised equipment, thereby facilitating the integration of the operation of the Target Group with the Group's existing businesses to expand its scale of operation and create a new growth driver.

The Board believes that given that the Target Group is principally engaged in the activities set out above, the Acquisition is in line with the development strategy of the Group to strengthen its existing trading of coal business and supply chain management services capabilities and its presence and provision of services in the coal industries in the PRC. Furthermore, the Acquisition will allow the Group to utilise the synergies created by the acquisition of the Target Group and create long-term and strategic growth opportunities for the Group.

Therefore, the Board is of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a disclosable transaction on the part of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of the relevant conditions, therefore the Acquisition may or may not proceed. Accordingly, the Acquisition may or may not materialise and Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

| | |
|-----------------------|---|
| “Acquisition” | the acquisition of the Sale Share by the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement |
| “associate” | has the meaning ascribed thereto under the Listing Rules |
| “Board” | the board of Directors |
| “Business Day” | any day (excluding Saturday, Sunday or public or statutory holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours |
| “Company” | Huili Resources (Group) Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange (stock code: 1303) |
| “Completion” | the completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement |
| “Completion Date” | the date within 10 Business Days after the fulfilment (or waiver, as the case may be) of all the conditions precedent under the Sale and Purchase Agreement or such other date as the Vendor and the Purchaser may agree in writing |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |

| | |
|--------------------------------|--|
| “Consideration” | the consideration for the Acquisition, being HK\$35,200,000 which will be satisfied by the allotment and issue of the Consideration Shares |
| “Consideration Shares” | the 73,333,333 new Shares to be allotted and issued to the Vendor, subject to the terms and conditions under the Sale and Purchase Agreement, at the Issue Price credited as fully paid to satisfy the Consideration |
| “Director(s)” | the director(s) of the Company |
| “General Mandate” | the general mandate granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 14 June 2024 to allot and issue up to 388,797,600 Shares, representing 20% of the then total number of Shares on the date of passing such resolution |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company |
| “Issue Price” | approximately HK\$0.48 per Consideration Share |
| “Listing Committee” | the Listing Committee of the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Luyuan Xinneng” | Shanxi Luyuan Xinneng Technology Company Limited* (山西潞源新能科技有限公司), a company established in the PRC and a wholly-owned subsidiary of Zhuhai Mutong |
| “PRC” | the People’s Republic of China |
| “Purchaser” | Surplus Plan Limited, a company incorporated in Hong Kong with limited liability and a direct wholly owned subsidiary of the Company |

| | |
|-------------------------------|---|
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 25 June 2024 and entered into between the Purchaser and the Vendor in respect of the Acquisition |
| “Sale Share” | being 1 ordinary share, representing the entire issued share capital of the Target Company, which is legally and beneficially owned by the Vendor as at the date of this announcement |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the issued Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | Mouton Investment Limited, a company incorporated in Hong Kong with limited liability |
| “Target Group” | the Target Company, Zhuhai Mutong and Luyuan Xinneng, collectively |
| “Vendor” | Mr. Chu Yuk Shun Joseph, the beneficial owner of the Sale Share |
| “Vendor’s Loan” | the loans from the Vendor to Zhuhai Mutong and Luyuan Xinneng, in aggregate, of approximately RMB26,300,000 |
| “Zhuhai Mutong” | Zhuhai Mutong Supply Chain Investment Company Limited* (珠海木桐供應鏈投資有限公司), a company established in the PRC and a wholly-owned subsidiary of the Target Company |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “%” | per cent. |

For ease of reference and unless otherwise specified in this announcement, sums in RMB in this announcement have been translated, for the purpose of illustration only, into HK\$ on the basis of RMB1.00 = HK\$1.1. This does not mean that HK\$ could be converted into RMB, or vice versa, based on such exchange rate.

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

Hong Kong, 25 June 2024

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.

* *For identification purposes only*