



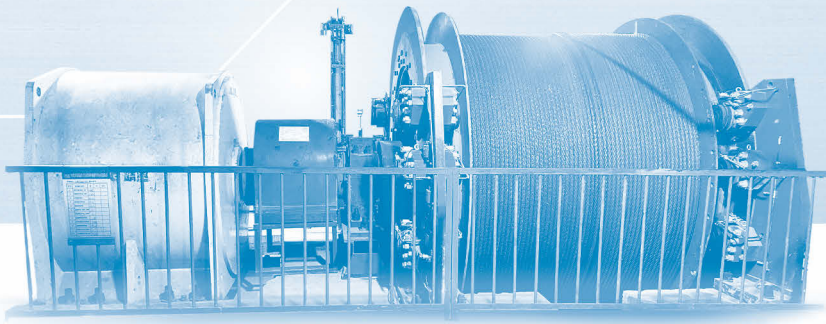
Hidili Industry International Development Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1393



2024 INTERIM REPORT



CONTENTS

Corporate Information	2
Chairman's Statement	4
Management Discussion and Analysis	5
Other information	12
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	16
Condensed Consolidated Statement of Financial Position	17
Condensed Consolidated Statement of Changes in Equity	19
Condensed Consolidated Statement of Cash Flows	20
Notes to the Condensed Consolidated Financial Statements	21



CORPORATE INFORMATION

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Xian Yang (Chairman)
Mr. Sun Jiankun
Mr. Zhuang Xianwei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Shiu Yuen Sammy
Mr. Huang Rongsheng
Ms. Xu Manzhen

AUDIT COMMITTEE

Mr. Chan Shiu Yuen Sammy (Chairman)
Mr. Huang Rongsheng
Ms. Xu Manzhen

REMUNERATION COMMITTEE

Mr. Chan Shiu Yuen Sammy (Chairman)
Mr. Huang Rongsheng
Ms. Xu Manzhen
Mr. Xian Yang

AUDITORS

ZHONGHUI ANDA CPA Limited
23rd Floor, Tower 2
Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay
Kowloon
Hong Kong

COMPANY SECRETARY

Ms. Chu Lai Kuen

AUTHORIZED REPRESENTATIVES

Mr. Xian Yang
Ms. Chu Lai Kuen

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEAD OFFICE

16th Floor, Dingli Mansion
No. 185 Renmin Road
Panzhuhua
Sichuan 617000
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1306, 13th Floor
Tai Tung Building
8 Fleming Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman KY1-1100
Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
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LEGAL ADVISER

Kwok Yih & Chan
Suites 1501, 15th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

STOCK CODE

1393

WEBSITE

<http://www.hidili.com.cn>

PRINCIPAL BANKERS

China Merchants Bank
Shenzhen Che Gong Miao Sub-Branch
A 1/F, Tianxiang Bldg
Tianan Che Gong Miao Industrial Zone
Futian, Shenzhen
PRC

China Minsheng Banking Corp. Ltd,
Chengdu Branch
Building 6, No. 966 Tianfu Avenue
Remin Road South Extension
Chengdu, Sichuan Province
PRC

Sichuan Bank Company Limited
Panzhuhua Zhuhuyuan Branch
Floor 1, Ping Street, Laodong Building
East District, Panzhihua City
Sichuan Province
PRC

Ping An Bank Co., Ltd.
Chengdu Branch
No. 240-1, Shuncheng Avenue
Chengdu, Sichuan Province
PRC

Ping An Bank Co., Ltd.
Kunming Branch
Huaxia International Plaza
No. 1101, Dianchi Road
Kunming, Sichuan Province
PRC

Wing Lung Bank
16/F, Wing Lung Bank Building
45 Des Voeux Road Central
Central, Hong Kong

CHAIRMAN'S STATEMENT

OUTLOOK

Since 2022, the Company has put great effort to engage in the production upgrade and process optimization and aimed at speeding up the release of production capacity in the coal mines in Guizhou province. To cooperate and facilitate a series of safety inspections conducted by relevant government authorities and to carry out adjustments to mining working faces in certain coal mines, the Company scaled down the raw coal production and resulted in a delay to the overall production capacity enhancement progress. The Company's production started to ramp up in the second half of 2024. Accordingly, it further deteriorated the operating margin of the Company and brought along with a gross loss of approximately RMB43.3 million during the six months ended 30 June 2024 as compared to a gross profit of approximately RMB291.0 million in the corresponding period in 2023. To amid the challenge, the Company is in the progress of implementing various active and effective measures to strengthen the production process and to control the administrative overheads. With the enlarging scale of production in the second half of 2024, the Board considers the liquidity can be improved and the overall financial, business and trading position of the Company will remain healthy.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change %
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	
Revenue	926,402	1,430,452	(35.2%)
Gross (loss)/profit	(43,325)	291,046	(114.9%)
(Loss)/Profit before tax	(350,029)	6,186	(5,758.4%)
Loss and total comprehensive expense for the period	(351,190)	(12,963)	(2,609.2%)
EBITDA	(93,991)	291,218	(132.3%)
Basic loss per share (RMB cents)	(7.7)	(0.3)	(2,466.7%)

FINANCIAL REVIEW

REVENUE

During the six months ended 30 June 2024 (the "Review Period"), revenue of the Group amounted to approximately RMB926.4 million, representing a drop of approximately 35.2%, as compared to that of approximately RMB1,430.5 million in the corresponding period in 2023. Being affected by the decrease in production volume of raw coal and clean coal during the Review Period, sales volumes of both clean coal and high-ash thermal coal were decreased. Sales volume of clean coal decreased from 756,900 tonnes to 477,400 tonnes, representing decrease of approximately 36.9%. Average selling prices (net of value added tax) maintained at a similar level as that of the corresponding period in 2023.

The following table sets forth the Group's revenue contribution, sales volume and average selling price by products for the Review Period, together with the comparative amounts for the corresponding period in 2023:

	Six months ended 30 June			2023		
	2024	Average		2023	Average	
	Turnover	Sales	Selling	Turnover	Sales	selling
	RMB'000	Volume	Price	RMB'000	Volume	price
		(thousand	(RMB/		(thousand	(RMB/
		tonnes)	Tonne)		tonnes)	Tonne)
Principal products						
Clean coal	829,470	477.4	1,737.4	1,302,084	756.9	1,720.2
By-products						
High-ash thermal coal	94,888	405.5	234.0	127,059	607.1	209.3
Other products						
Others	2,044			1,309		
Total turnover	926,402			1,430,452		

MANAGEMENT DISCUSSION AND ANALYSIS

COST OF SALES

Cost of sales for the Review Period was approximately RMB969.7 million, representing a decrease of approximately RMB169.7 million, or approximately 14.9%, as compared to that of approximately RMB1,139.4 million in the corresponding period in 2023. During the Review Period, the Company scaled down the production volume of both raw coal and clean coal. The production volume of raw coal and clean coal amounted to approximately 1,641,000 tonnes and 499,000 tonnes respectively, representing a decrease of approximately 37.3% and 33.7% respectively, as compared to that of approximately 2,616,000 tonnes and 753,000 tonnes respectively in the corresponding period in 2023.

The following table illustrates the production volume of the principal products in Sichuan and Guizhou provinces:

	Six months ended 30 June			
	2024 Raw coal (‘000 tonnes)	2024 Clean coal (‘000 tonnes)	2023 Raw coal (‘000 tonnes)	2023 Clean coal (‘000 tonnes)
Production volume				
Panzhuhua	93	51	98	3
Guizhou	1,548	448	2,518	750
	1,641	499	2,616	753

To strengthen the mining operation in the Company’s Guizhou coal mines, the Company has been carrying out capacity enhancement to achieve full scale production. However, the enhancement has been affected by the coal mine accident in Hongxing Coal Mine in Guizhou province in 2023 and the progress has lagged behind. The Company has scaled down the production in Guizhou to facilitate the government safety inspections. Besides, in the second quarter of 2024, Xingda Coal Mine and Xiangxing Coal Mine are required to carry out adjustments to mining working faces and hence affecting the production volume. The Company reallocated resources and gradually ramped up production in the second half of 2024. Accordingly, the Company only achieved below 60% of the planned raw coal production and less than 50% of utilization rate during the Review Period. As a result, both variable and fixed production costs including but not limited to material, fuel and power, staff costs and manufacturing overheads cannot be well absorbed by low level of production. The unit cost of clean coal production reached an exceptional high level of RMB1,668 per tonne. With the resumption of production in Guizhou province, the Company targets a higher growth in the production volume of both raw coal and clean coal in the second half of 2024 and enhances production process to reduce the production costs.

Material, fuel and power costs for the Review Period were approximately RMB237.7 million, representing a decrease of approximately RMB58.4 million, or approximately 19.7%, as compared to that of approximately RMB296.1 million in the corresponding period in 2023. The decrease was mainly attributable to a big drop in production volume of raw coal and clean coal during the Review Period but setoff by high absorption costs arising from the low completion and utilization rate in raw coal production.

Staff costs for the Review Period were approximately RMB374.4 million, representing a decrease of approximately RMB32.8 million, or approximately 8.1%, as compared to that of approximately RMB407.2 million in the corresponding period of 2023. The decrease was mainly attributable to the decrease in production volume of raw coal and clean coal but setoff by high sharing of staff costs on managerial level together with administrative and supporting team.

MANAGEMENT DISCUSSION AND ANALYSIS

Depreciation and amortization for the Review Period were approximately RMB101.9 million, representing a decrease of approximately RMB21.4 million, or approximately 17.4%, as compared to that of approximately RMB123.3 million in the corresponding period of 2023.

The following table set forth the unit production costs of the respective segment.

	Six months ended 30 June	
	2024	2023
	RMB per tonne	RMB per tonne
Coal mining		
Cash cost	436	321
Depreciation and amortization	58	46
Total production cost	494	367
Average cost of clean coal	1,668	1,447

GROSS (LOSS)/PROFIT

As a result of the foregoing, the gross loss for the Review Period was approximately RMB43.3 million, representing a sharp decrease of approximately RMB334.3 million or approximately 114.9%, as compared to gross profit of approximately RMB291.0 million in the corresponding period in 2023. The gross profit margin during the Review Period was approximately -4.7% as compared with approximately 20.3% in the corresponding period in 2023.

OTHER INCOME

During the Review Period, other income amounted to approximately RMB10.2 million, as compared to approximately RMB14.4 million in the corresponding period in 2023. The decrease was mainly attributable to the decrease in government grant during the Review Period.

OTHER GAINS AND LOSSES

During the Review Period, the Company reported other gains of approximately RMB3.3 million, representing a significant decrease of approximately RMB158.3 million, as compared to that of approximately RMB161.6 million in the corresponding period in 2023. The decrease was mainly attributable to the gain from debt restructuring of approximately RMB231.8 million in the corresponding period in 2023 but setoff by the decrease in net exchange losses of approximately RMB101.4 million during the Review Period.

DISTRIBUTION EXPENSES

Distribution expenses during the Review Period were approximately RMB55.8 million, representing a decrease of approximately RMB78.3 million or approximately 58.4%, as compared to that of approximately RMB134.1 million in the corresponding period of 2023. The decrease was in line with the decrease in sales volume of clean coal during the Review Period.

MANAGEMENT DISCUSSION AND ANALYSIS

ADMINISTRATIVE EXPENSES

Administrative expenses during the Review Period were approximately RMB129.8 million, representing a decrease of approximately RMB44.4 million or approximately 25.5%, as compared to that of approximately RMB174.2 million in the corresponding period in 2023. The decrease was mainly attributable to the decrease in general administrative costs in Guizhou Province and legal and professional fee during the Review Period.

FINANCE COSTS

Finance costs during the Review Period were approximately RMB125.5 million, representing a decrease of approximately RMB14.7 million or approximately 10.5%, as compared to that of approximately RMB140.2 million in the corresponding period in 2023. The decrease was mainly attributable to the decrease in interest expenses on advances drawn on bills receivables discounted of approximately RMB8.6 million.

INCOME TAX EXPENSE

Income tax expense for the Review Period amounted to approximately RMB1.2 million, representing the provision for EIT for the Review Period.

LOSS FOR THE PERIOD

As a result of the foregoing, the loss attributable to the owners of the Company for the Review Period was approximately RMB353.7 million, representing an increase of approximately RMB342.3 million or approximately 3,002.6%, as compared to that of approximately RMB11.4 million in the corresponding period in 2023.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (“EBITDA”)

The following table illustrates the Group’s EBITDA for the respective periods. The Group’s EBITDA margin was -10.1% for the Review Period as compared with 20.4% in the corresponding period in 2023.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
(Loss)/Profit before tax	(350,029)	6,186
Finance costs	125,465	140,234
Depreciation and amortization	130,573	144,798
EBITDA	(93,991)	291,218

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2024, the Group incurred net current liabilities of approximately RMB5,586.8 million as compared to approximately RMB5,333.5 million as at 31 December 2023.

As at 30 June 2024, the bank and cash balances of the Group amounted to approximately RMB12.0 million (as at 31 December 2023: approximately RMB46.7 million).

As at 30 June 2024, the total bank borrowings payable within one year and after one year but within five years of the Group were approximately RMB4,256.4 million and RMB1,363.4 million respectively (as at 31 December 2023: payable within one year of approximately RMB4,256.3 million and payable after one year but within five years of approximately RMB1,363.4 million). As at 30 June 2024, loan amounting to RMB5,598.3 million carries interest at a fixed rate of 4.275% per annum. The remaining loan carries interest at variable market rates around 2.38% per annum.

The gearing ratio (calculated as the aggregate of total bank borrowings, senior notes and preferred shares divided by total assets) of the Group as at 30 June 2024 was 59.6% (as at 31 December 2023: 57.5%).

DEBT RESTRUCTURING

During the Review Period, the Company continued the negotiations with onshore banks to roll over the loan repayments and extend repayment of interests. Certain onshore banks are undergoing their internal review and approval. The Company believes that the bank borrowings will be renewed by respective onshore banks by 2024 under proper commercial terms and no immediate repayment will be required. The Company will closely follow up the progress and speed up the negotiation with the respective onshore banks for the renewal of loan agreements.

PLEDGE OF ASSETS OF THE GROUP

As at 30 June 2024, the Group pledged its property, plant and equipment, bank deposits and bill receivables in an aggregate amount of approximately RMB4,562 million (as at 31 December 2023: approximately RMB4,891 million) to banks for credit facilities.

As at 30 June 2024, the executive director of the Company, Mr. Xian Yang, guaranteed the bank borrowings of approximately RMB3,994 million (as at 31 December 2023: approximately RMB3,994 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group maintained an aggregate of 9,763 employees as compared with 9,682 employees at 31 December 2023. During the Review Period, the staff costs (including directors' remuneration in the form of salaries and other allowances) was approximately RMB430.7 million (corresponding period in 2023: approximately RMB483.2 million).

The salary and bonus policy of the Group is principally determined by the qualifications, performance and working experience of the individual employee and with reference to prevailing market conditions.

MANAGEMENT DISCUSSION AND ANALYSIS

RISK IN FOREIGN EXCHANGE

Since all of the Group's business activities are transacted in RMB, the Directors consider that the Group's risk in foreign exchange is insignificant. However, during the Review Period, the Group was exposed to exchange rate risk mainly arising from the foreign currency bank balances of approximately US\$0.4 million and HK\$0.1 million during the Review Period.

SIGNIFICANT INVESTMENT HELD

During the Review Period, the Group did not hold any significant investments.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Review Period, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

During the Review Period, the Group does not have any future plans for material investment and capital assets.

EVENTS AFTER THE REVIEW PERIOD

On 10 September 2024, the Company announced that Mr. Xian Yang, the chairman of the Board, an executive director and a substantial shareholder of the Company, passed away on 10 September 2024 due to illness.

On 13 September 2024, the Company announced that Mr. Xian Fan has been appointed as an executive director, the chairman of the Board, member of the nomination committee and the remuneration committee and an authorised representative of the Company under Rule 3.05 of the Listing Rules, all with effect from 12 September 2024. Mr. Xian Fan is the younger brother of late Mr. Xian Yang. Ms. Qiao Qian has been appointed as a non-executive director of the Company with effect from 12 September 2024. Ms. Qiao Qian is the spouse of late Mr. Xian Yang.

Save as disclosed above, there is no any other material subsequent event undertaken by the Company or the Group after 30 June 2024 and up to the publication of this report.

CONTINGENT LIABILITIES

- (a) Hidili Industry (China) Group Limited ("Hidili China"), a wholly owned subsidiary of the Company, received a Notice of Court Action attaching the 2016 Writ issued by the Higher People's Court of Guangdong Province of the People's Republic of China (廣東省高級人民法院) on 15 April 2016. Pursuant to the 2016 Writ, China Merchants Bank, Shenzhen Chegongmiao Branch ("2016 Plaintiff") filed a civil claim against (i) Hidili China, (ii) Liupanshui Hidili Industry Co., Ltd. ("Liupanshui Hidili"), a wholly owned subsidiary of the Company. (iii) Panxian Xileqing Coal Industry Co., Ltd. ("Panxian Xileqing"), a wholly owned subsidiary of the Company, and (iv) Sichuan Hidili Industry Co., Ltd. ("Sichuan Hidili"), a wholly owned subsidiary of the Company, in respect of a loan agreement dispute case. The 2016 Plaintiff claimed against Hidili China for relief, among others, the outstanding principal amount and the default interest payment of approximately RMB576 million as of 20 January 2016 under the security agreement entered into between 2016 Plaintiff and Hidili China on 13 January 2013 where Liupanshui Hidili and Panxian Xileqing acted as guarantors and Liupanshui Hidili, Panxian Xileqing and Sichuan Hidili pledged certain assets and mining rights.

MANAGEMENT DISCUSSION AND ANALYSIS

- (b) Both of Sichuan Haohang Trading Company Limited (“Sichuan Haohang”) and Sichuan Hidili received the 2017 Writ issued by the Higher People’s Court of Sichuan Province of the People’s Republic of China (四川省高級人民法院) on 1 June 2017. Pursuant to the 2017 Writ, Chengdu Branch of Shanghai Pudong Development Bank (“2017 Plaintiff”) filed a civil claim against (i) Sichuan Haohang, (ii) Sichuan Hidili, (iii) Liupanshui Hidili and (iv) Hidili China in respect of a loan agreement dispute case. The 2017 Plaintiff claimed against Sichuan Haohang and Sichuan Hidili for relief, among others, the outstanding principal amount as of 25 August 2016 and the default interest payment (calculated as at 18 April 2017) of approximately RMB134 million and RMB134 million respectively under the Agreement of Establishing Bank Promissory Note Business entered into between the 2017 Plaintiff and Sichuan Haohang and Sichuan Hidili on 25 February 2016 where Liupanshui Hidili pledged certain assets and mining rights and Hidili China acted as guarantor.

As it is not practical to assess the outcome of the cases at this stage, accordingly, no provision was made in the consolidated financial statements.

Save as disclosed above, as at 30 June 2024, the Group did not have other material contingent liabilities.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES

As at 30 June 2024, the Directors and chief executive of the Company had the following interests and/or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "SFO")) which are required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in the Rules Governing the Listing of Securities on the Stock Exchanges of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), to be notified to the Company and the Stock Exchange:

Name	Name of the entity	Number of issued ordinary shares held	Nature of interest	Approximate percentage of the issued share capital of the Company/ percentage of shareholding
Mr. Xian Yang ("Mr. Xian") (Note 1)	The Company	1,040,674,000 (L)	Founder and beneficiary of trust	22.60% (L)
Mr. Xian	Sanlian Investment Holding Limited ("Sanlian Investment")	1,000	Beneficial owner	100%
Mr. Sun Jiankun ("Mr. Sun") (Note 2)	The Company	19,380,000 (L)	Interest of controlled corporation	0.42% (L)
Mr. Sun	Able Accord Enterprises Limited ("Able Accord")	1,000	Beneficial owner	100%
Mr. Zhuang Xianwei	The Company	500,000 (L)	Beneficial owner	0.01% (L)

* (L)-Long position, (S)-Short position

Notes:

- 1,040,674,000 shares of the Company are held by Sanlian Investment, the issued share capital of which is jointly held by Xian Yang No.1A Ltd. ("Xian Yang No.1A") and Sanlian No.1 Ltd. ("Sanlian No.1"). Mr. Xian is the only controlling shareholder of Xian Yang No.1A and Sanlian No.1. In 2011, Mr. Xian formed a discretionary trust, The Xian Yang Foundation 1, of which Trident Trust Company (Singapore) Pte. Limited ("Trident Trust") was the trustee. Accordingly, Mr. Xian is deemed to be interested in 1,040,674,000 shares held by Sanlian Investment by virtue of the SFO. Mr. Xian is also the sole director of Sanlian Investment.
- 19,380,000 shares of the Company are held by Able Accord, the entire issued share capital of which is held by Mr. Sun. Accordingly, Mr. Sun is deemed to be interested in 19,380,000 shares held by Able Accord by virtue of the SFO. Mr. Sun is also a director of Able Accord.

OTHER INFORMATION

Save as disclosed above, to the best knowledge of the Directors, as at 30 June 2024, none of the Directors or chief executive 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 any of its associated corporations (within the meaning of Part XV of the SFO) which are required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Saved as disclosed, at no time during the period was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, the following persons, other than the Directors and chief executive of the Company, had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name	Number of issued ordinary shares held*	Nature of interest	Approximate percentage of the issued share capital of the Company*
Trident Trust (Note 1)	530,743,740 (L)	Trustee	11.53% (L)
Sanlian Investment (Note 1)	1,040,674,000 (L)	Beneficial owner	22.60% (L)
Mr. Xian (Note 1)	1,040,674,000 (L)	Interest of controlled corporation	22.60% (L)
Ms. Qiao Qian (Note 2)	1,040,674,000 (L)	Interest of spouse	22.60% (L)
Mr. Guo Guangchang (Note 3)	294,856,316	Interest of controlled corporation	6.40% (L)
Fosun International Holdings Limited (Note 3)	294,856,316	Interest of controlled corporation	6.40% (L)
Fosun Holdings Limited (Note 3)	294,856,316	Interest of controlled corporation	6.40% (L)
Fosun International Limited (Note 3)	256,396,797	Interest of controlled corporation	5.57% (L)
	38,459,519	Beneficial owner	0.83% (L)
Fosun Financial Holdings Limited (Note 3)	256,396,797	Interest of controlled corporation	5.57% (L)
Spinel Investment Limited (Note 3)	256,396,797	Interest of controlled corporation	5.57% (L)

OTHER INFORMATION

Name	Number of issued ordinary shares held*	Nature of interest	Approximate percentage of the issued share capital of the Company*
Peak Reinsurance Holdings Limited (Note 3)	256,396,797	Interest of controlled corporation	5.57% (L)
Peak Reinsurance Company Limited (Note 3)	256,396,797	Beneficial owner	5.57% (L)
Ma Wei	266,104,170	Beneficial owner	5.78% (L)

* (L)-Long position, (S)-Short position

Notes:

- The entire issued share capital of Sanlian Investment is jointly owned by Xian Yang No.1A and Sanlian No.1. Mr. Xian is the only controlling shareholder of Xian Yang No.1A and Sanlian No.1. In 2011, Mr. Xian formed a discretionary trust, The Xian Yang Foundation 1, of which Trident Trust was the trustee. Accordingly, Mr. Xian is deemed to be interested in 1,040,674,000 shares of the Company held by Sanlian Investment by virtue of the SFO. Mr. Xian is the sole director of Sanlian Investment.
- Ms. Qiao Qian is the spouse of Mr. Xian. By virtue of the SFO, Ms. Qiao Qian is also deemed, as the spouse of Mr. Xian, to be interested in all the shares of the Company in which Mr. Xian is deemed to be interested.
- Fosun International Limited ("Fosun International") holds 100% direct interest in Fosun Financial Holdings Limited ("Fosun Financial"), 100% indirect interest in Spinel Investment Limited (Spinel Investment"), 86.71% indirect interest in both Peak Reinsurance Holdings Limited ("Peak Reinsurance Holding") and Peak Reinsurance Company Limited ("Peak Reinsurance") respectively. Accordingly, Fosun International is deemed to be interested in 256,396,797 shares of the Company held by Peak Reinsurance, by virtue of its interest in Fosun Financial, Spinel Investment and Peak Reinsurance Holdings.

Fosun International Holdings Limited ("Fosun International Holdings") holds 100% interest in Fosun Holdings Limited ("Fosun Holdings") which in turn holds 73.35% interest in Fosun International. Accordingly, Fosun International Holdings is deemed, or taken to be interested in an aggregate of 294,856,316 shares of the Company of which 38,459,519 shares of the Company held by Fosun International and 256,396,797 shares of the Company held by virtue of its interest in Fosun Holdings and Fosun International.

Fosun International Holdings is owned as to 85.29% by Mr. Guo Guangchang ("Mr. Guo"). Mr. Guo is, by virtue of his interest in Fosun International Holdings, deemed to be interest in an aggregate of 294,856,316 shares of the Company in which Fosun International and Peak Reinsurance are interested respectively.

Save as disclosed above, the Company has not been notified by any person (other than the Directors or the chief executive of the Company) who had/would have interests or short positions in the shares or underlying shares of the Company or its associated corporations of 5% or more which were required to be disclosed to the Company under Part XV of the SFO or which were recorded in the register kept by the Company under section 336 of the SFO.

OTHER INFORMATION

AUDIT COMMITTEE

An audit committee of the Company (the “Audit Committee”) was established on 25 August 2007 in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code (the “Corporate Governance Code”) as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group.

As at the date of this report, the Audit Committee consists of three independent non-executive Directors, namely, Mr. Chan Shiu Yuen Sammy (Chairman), Mr. Huang Rongsheng and Ms. Xu Manzhen.

The Audit Committee has reviewed together with the management of the Company the accounting principles, accounting standards and methods adopted by the Company, discussed the matters concerning internal control, auditing and financial reporting matters and has reviewed the consolidated financial statements of the Group for the Review Period.

CORPORATE GOVERNANCE

The Board is of the view that the Company has complied with the provisions of the Corporate Governance Code during the Review Period. The Directors are not aware of any information that reasonably reveals that there is any non-compliance with the Corporate Governance Code by the Company during any time of the Review Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the Listing Rules as its own Code for securities transactions by the Directors (the “Code”). All Directors have confirmed their compliance throughout the Review Period with the required standards set out in the Model Code and the Code.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

By Order of the Board
Hidili Industry International Development Limited
Xian Yang
Chairman

Hong Kong
30 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	4	926,402	1,430,452
Cost of sales		(969,727)	(1,139,406)
Gross (loss)/profit		(43,325)	291,046
Interest revenue		8,392	6,906
Other income	5	10,151	14,405
Other gains and losses	6	3,262	161,625
Distribution expenses		(55,819)	(134,067)
Administrative expenses		(129,768)	(174,235)
Share of loss of a joint venture		(17,457)	(19,260)
Finance costs	7	(125,465)	(140,234)
(Loss)/Profit before tax		(350,029)	6,186
Income tax expense	8	(1,161)	(19,149)
Loss and total comprehensive expense for the period		(351,190)	(12,963)
(Loss)/Profit and total comprehensive (expense)/income for the period attributable to:			
– Owners of the Company		(353,688)	(11,350)
– Non-controlling interests		2,498	(1,613)
		(351,190)	(12,963)
Loss per share	11		
Basic (RMB cents)		(7.7)	(0.3)
Diluted (RMB cents)		(7.7)	(0.3)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	8,771,672	9,118,511
Right-of-use assets		19,907	17,446
Interests in an associate		44,022	44,022
Interests in a joint venture		1,099,768	1,117,225
Equity investments at fair value through other comprehensive income		5,500	5,500
Long-term deposits		14,259	14,259
Derivative financial assets		29,205	29,205
Goodwill		1,513	1,600
		9,985,846	10,347,768
CURRENT ASSETS			
Inventories		413,193	470,855
Bills and trade receivables	13(a)	507,869	486,641
Bills receivables discounted with recourse	13(b)	–	12,463
Other receivables and prepayments		795,910	808,985
Amount due from a joint venture		365,243	321,033
Pledged bank deposits		822	821
Bank and cash balances		12,026	46,654
		2,095,063	2,147,452
CURRENT LIABILITIES			
Bills and trade payables	14	803,303	748,675
Contract liabilities		265,601	331,806
Advances drawn on bills receivables discounted with recourse		–	12,463
Accruals and other payables		2,304,713	2,097,949
Lease liabilities		6,241	3,883
Tax payables		45,516	29,914
Bank borrowings	15	4,256,444	4,256,311
		7,681,818	7,481,001
NET CURRENT LIABILITIES		(5,586,755)	(5,333,549)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,399,091	5,014,219

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Bank borrowings	15	1,363,403	1,363,403
Other payables		15,144	289,980
Provision for restoration and environmental costs		15,923	15,445
New USD Senior Notes		550,366	541,834
Lease liabilities		18,216	15,808
Deferred tax liabilities		12,251	12,771
Preferred shares	17	1,027,640	1,027,640
		3,002,943	3,266,881
NET ASSETS			
		1,396,148	1,747,338
CAPITAL AND RESERVES			
Share capital	16	421,298	421,298
Reserves		950,586	1,304,274
Equity attributable to owners of the Company		1,371,884	1,725,572
Non-controlling interests		24,264	21,766
TOTAL EQUITY			
		1,396,148	1,747,338

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to owners of the Company										Attributable to non-controlling interests	Total
	Share capital	Share premium	Special reserve	Statutory surplus reserve	Future development fund	Other reserve	Equity investment revaluation reserve	Accumulated losses	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2024 (audited)	421,298	3,752,634	695,492	451,303	109,346	(99,070)	(18,000)	(3,587,431)	1,725,572	21,766	1,747,338	
(Loss)/profit and total comprehensive (expense)/ income for the period	-	-	-	-	-	-	-	(353,688)	(353,688)	2,498	(351,190)	
At 30 June 2024 (unaudited)	421,298	3,752,634	695,492	451,303	109,346	(99,070)	(18,000)	(3,941,119)	1,371,884	24,264	1,396,148	
At 1 January 2023 (audited)	197,506	2,935,794	695,492	451,303	109,346	(99,070)	(18,000)	(2,841,239)	1,431,132	29,003	1,460,135	
Issue of new shares under debt restructuring	224,075	1,183,051	-	-	-	-	-	-	1,407,126	-	1,407,126	
Loss and total comprehensive expense for the period	-	-	-	-	-	-	-	(11,350)	(11,350)	(1,613)	(12,963)	
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	(1,157)	(1,157)	
At 30 June 2023 (unaudited)	421,581	4,118,845	695,492	451,303	109,346	(99,070)	(18,000)	(2,852,589)	2,826,908	26,233	2,853,141	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net cash from operating activities		27,227	437,416
Net cash used in investment activities			
Additions to property, plant and equipment	12	(50,439)	(112,478)
Acquisition of a subsidiary		–	(15,720)
(Placement)/Withdrawal of pledged bank deposits		(1)	1
		(50,440)	(128,197)
Net cash used in financing activities			
Repayment of bank and other borrowings	15	–	(106,368)
Interest paid		(11,415)	(237,350)
		(11,415)	(343,718)
Net decrease in cash and cash equivalents		(34,628)	(34,499)
Cash and cash equivalents at 1 January		46,654	78,184
Cash and cash equivalents at 30 June		12,026	43,685

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. GENERAL

The Company was incorporated in the Cayman Islands under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 1 September 2006. Its shares are listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of the principal place of business of the Company is Room 1306, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong. In the opinion of the Directors, the Company’s parent company is Sanlian Investment Holding Limited, a company incorporated in the British Virgin Islands and the ultimate holding company is Trident Trust Company (Singapore) Pte. Limited, which is controlled by Mr. Xian Yang, the executive director of the Company. The Company acts as an investment holding company and its subsidiaries are engaged in mining and sale of clean coal and its by-products.

The Group’s principal operations are conducted in the People’s Republic of China (the “PRC”). The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

GOING CONCERN ASSUMPTION

As at 30 June 2024, the Group had net current liabilities of approximately RMB5,586.8 million, despite the Group had a net operating cash inflow of approximately RMB27.2 million during the period. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern.

The Group had net loss of approximately RMB351.2 million and net operating cash inflow of approximately RMB27.2 million during the period. The directors of the Company have reviewed the Group’s cash flow projections, which cover a period of twelve months from 30 June 2024. They have assessed the appropriateness of adopting the going concern basis for the preparation of these consolidated financial statements for the six months ended 30 June 2024 in light of the Group’s plans and measures described below to improve its cash flows:

- (i) The Group is negotiating with banks to roll over the loan repayments and extend repayment of interest;
- (ii) It is expected that the operations will keep to improve the liquidity and profitability of the Group; and
- (iii) The Group will continue to take active measures to control the administrative and production costs.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

2. BASIS OF PREPARATION *(Continued)*

GOING CONCERN ASSUMPTION *(Continued)*

In the opinion of the directors, in light of the above, the Group will have sufficient financial resources to finance its operations and fulfil its financial obligations as and when required in the coming twelve months from 30 June 2024. Accordingly, the directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Should the Group be unable to achieve the above plans and measures such that it would not be able to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future 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 these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

In the current interim period, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. IFRSs comprise International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current interim period.

The Group has not applied the new and revised IFRSs that have been issued but not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4. REVENUE AND SEGMENT INFORMATION

The Group's operation is solely derived from the production and sales of clean coal and its by-products. For the purpose of resources allocation and performance assessment, the chief operating decision maker reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies with the Group. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

An analysis of the Group's revenue from its major products is as follows:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Sales of coal and its by-products:		
Clean coal	829,470	1,302,084
High-ash thermal coal	94,888	127,059
Others	2,044	1,309
Revenue from contracts with customers	926,402	1,430,452

TIME OF REVENUE RECOGNITION

All timing of revenue recognition is at a point of time for the six months ended 30 June 2024 and 2023.

GEOGRAPHICAL INFORMATION

All of the Group's turnover are derived from the operation in the PRC and all the customers of the Group are located in the PRC. In addition, all of the Group's non-current assets are located in the PRC. Therefore, no geographical information is presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Customer A	183,662	–
Customer B	138,158	*47,189
Customer C	128,833	243,352
Customer D	102,388	–
Customer E	*38,650	162,155
Customer F	*33,371	170,031
Customer G	*28,905	206,872
Customer H	*–	159,697

Note: Stated above representing revenue from sales of clean coal

* Revenue from this customer did not exceed 10% of the total revenue during the period. These amounts were shown for comparative purpose.

5. OTHER INCOME

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Government grant <i>(note)</i>	3,645	9,688
Others	6,506	4,717
	10,151	14,405

Note: The amounts represent subsidies received from government for closure of certain coal mines. There are no conditions attached to the subsidies granted to the Group and the assets of the closed mines were fully impaired in previous years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Net exchange losses	(4,099)	(105,539)
Gain on debt restructuring	–	231,764
Reversal of impairment of trade and other receivables	1,674	28,659
Written-off of property, plant and equipment	(1,260)	–
Others	6,947	6,741
	3,262	161,625

7. FINANCE COSTS

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Interest expenses on borrowings wholly repayable within five years:		
– bank and other borrowings	120,843	127,514
– advances drawn on bills receivables discounted	4,019	12,660
	124,862	140,174
Interest expenses on lease liabilities	603	60
	125,465	140,234

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	1,161	13,884
Deferred taxation	–	5,265
	1,161	19,149

The provision of EIT is based on a statutory rate of 25% of the assessable profit of the Group entities which recorded profit for the period as determined in accordance with the relevant income tax rules and regulations of the PRC.

9. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Loss for the period has been arrived at after charging the following items:		
Provision for restoration and environmental costs	478	804
Depreciation of property, plant and equipment	126,936	144,460
Depreciation of right-of-use assets	3,637	338
Directors' remunerations	1,240	1,063
Salaries and other benefits	422,333	475,589
Retirement benefits scheme contribution	7,146	6,576
Total staff costs	430,719	483,228

10. DIVIDENDS

No dividends were paid, declared or proposed for the period ended 30 June 2024 and 2023 or since the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share		
Loss for the period attributable to owners of the Company	(353,688)	(11,350)

	Six months ended 30 June	
	2024	2023
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	4,605,259	3,965,344

The effect of all potential ordinary shares is anti-dilutive for the six months ended 30 June 2024 and 2023.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group paid approximately 46.8 million (six months ended 30 June 2023: 94.0 million) and 3.6 million (six months ended 30 June 2023: 18.5 million) on acquisition of property, plant and equipment and construction in progress respectively.

Pursuant to Notices issued by Panzhihua Government and Liupanshui Government in October 2013 and September 2013, respectively (collectively "Mines Restructuring Plans"), Panzhihua Government and Liupanshui Government had formulated mines restructuring plans to improve productivity and safety of coal mining operations. The Group's mines located in Guizhou province and Sichuan province with carrying amounts as at 30 June 2024 of approximately RMB7,443 million (six months ended 30 June 2023: RMB7,520 million), which including mining structures and mining rights and construction in progress, are subject to the mines restructuring scheme and hence have to comply with the Mines Restructuring Plans.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

13. BILLS AND TRADE RECEIVABLES AND BILLS RECEIVABLES DISCOUNTED WITH RECOURSE

(A) BILLS AND TRADE RECEIVABLES

The Group generally allows an average credit period ranging from 90-120 days to its trade customers and the average credit period for bills receivables is ranging from 90-180 days.

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables	501,220	443,395
Bills receivables	6,649	43,246
	507,869	486,641

The following is an analysis of trade receivables and bills receivables by age, net of allowances, presented based on the invoice date, which approximately respective revenue recognition dates is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Aged:		
0-90 days	331,135	246,004
91-120 days	14,118	24,712
121-180 days	24,248	72,168
181-365 days	131,719	100,237
Over 356 days	–	274
	501,220	443,395

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

13. BILLS AND TRADE RECEIVABLES AND BILLS RECEIVABLES DISCOUNTED WITH RECOURSE *(Continued)*

(B) BILLS RECEIVABLES DISCOUNTED WITH RECOURSE

The Group generally allows an average credit period ranging from 90-180 days to its customers. The aged analysis of bills receivables discounted with full recourse is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Aged:		
0-120 days	–	2,463
121-180 days	–	10,000
	–	12,463

14. BILLS AND TRADE PAYABLES

The following is an analysis of the trade payables by age, presented based on the invoice date.

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Aged:		
0-90 days	206,847	213,147
91-180 days	128,686	6,921
181-365 days	86,576	6,506
Over 365 days	381,194	522,101
	803,303	748,675

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

15. BANK BORROWINGS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Secured bank borrowings	5,619,847	5,619,714

The bank borrowings are repayable as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Carrying amount of bank borrowings		
Repayable within one year	4,256,444	4,256,311
Repayable after one year but within five years	1,363,403	1,363,403
	5,619,847	5,619,714

During the current interim period, the Group obtained nil new borrowings (for the six months ended 30 June 2023: nil) and repaid nil borrowings (for the six months ended 30 June 2023: RMB106 million). As at 30 June 2024, loan amounting to approximately RMB5,598million carries interest at fixed rate of 4.275% per annum. The remaining loans carry interest at variable market rates around 2.38% per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

16. SHARE CAPITAL

	Number of shares	Amount HK\$'000	Amount RMB'000
Authorised:			
Ordinary shares of HK\$0.1 each			
As at 1 January 2023	10,000,000,000	1,000,000	
Redesignation	(2,000,000,000)	(200,000)	
As at 30 June 2023, 1 January 2024 and 30 June 2024	8,000,000,000	800,000	
Preferred shares of HK\$0.1 each			
As at 1 January 2023	–	–	
Redesignation	2,000,000,000	200,000	
As at 30 June 2023, 1 January 2024 and 30 June 2024	2,000,000,000	200,000	
Issued and fully paid:			
Ordinary shares of HK\$0.1 each			
As at 1 January 2023	2,045,598,399	204,560	197,506
Issue of ordinary shares under debt restructuring	2,559,661,008	255,966	223,792
As at 30 June 2023, 1 January 2024 and 30 June 2024	4,605,259,407	460,526	421,298

17. PREFERRED SHARES

	Number of shares	Amount HK\$'000	Amount RMB'000
Preferred shares of HK\$0.1 each			
As at 1 January 2023	–	–	–
Issue of preferred shares under debt restructuring	1,793,524,789	1,131,714	1,027,640
As at 30 June 2023, 1 January 2024 and 30 June 2024	1,793,524,789	1,131,714	1,027,640

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

18. CAPITAL COMMITMENTS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	551,954	555,564
The Group's share of the capital commitment made jointly with other ventures relating to its joint venture, Yunnan Dongyuan Hidili Coal Industry Company, is as follows:		
Commitments to contribute funds for the acquisition of property, plant and equipment	31,259	31,259

19. PLEDGE OF ASSETS

At the end of the reporting period, the Group pledged the following assets to banks for credit facilities granted to the Group:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Property, plant and equipment	4,561,585	4,889,876
Bank deposits	821	821
	4,562,406	4,890,697

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

20. RELATED PARTY DISCLOSURES

In addition to the balances with related parties set out in the condensed consolidated statement of financial position, during the period, the Group entered into the following transactions with related parties:

(I) TRANSACTIONS

As at 30 June 2024, the director, Mr. Xian Yang guaranteed bank borrowings of approximately RMB3,994 million (31 December 2023: RMB3,994 million).

(II) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Short-term benefits	1,240	1,063
Post-employment benefits	50	40
	1,290	1,103



 **Hidili 恒鼎**

Hidili Industry International Development Limited