Hidili 恒鼎

Hidili Industry International Development Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1393

2015 INTERIM REPORT

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Xian Yang (Chairman)
Mr. Sun Jiankun

Independent non-executive Directors

Mr. Chan Chi Hing
Mr. Chen Limin
Mr. Huang Rongsheng

AUDIT COMMITTEE

Mr. Chan Chi Hing (Chairman)
Mr. Chen Limin
Mr. Huang Rongsheng

REMUNERATION COMMITTEE

Mr. Chan Chi Hing (Chairman)
Mr. Chen Limin
Mr. Huang Rongsheng
Mr. Xian Yang

AUDITORS

Deloitte Touche Tohmatsu
Certified public accountants
35th Floor, One Pacific Place
88 Queensway
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
Panzhihua
Sichuan 617000
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3702, 37th Floor
West Tower, Shun Tak Centre
168-200 Connaught Road
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISER

Kwok Yih & Chan
Suites 2103–05
21st Floor
9 Queen's Road Central
Hong Kong

STOCK CODE

1393

WEBSITE

http://www.hidili.com.cn

PRINCIPAL BANKERS

China Minsheng Banking Corp. Ltd,
Chengdu Branch
No. 2, Remin Road South
Chengdu, Sichuan Province
PRC

Panzhihua City Commercial Bank Ltd,
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
No. 450, Qingnian Road
Kunming, Yunnan Province
PRC

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

Nanyang Commercial Bank
12/F
151 Des Voeux Road Central
Central, Hong Kong

Chairman's Statement

BUSINESS REVIEW

During the six months ended 30 June 2015 (the "Review Period"), under the coal mine consolidation in Sichuan and Guizhou provinces, the Group's coal mines contributed low raw coal production capacity of approximately 570,000 tonnes as compared to approximately 618,000 tonnes in the corresponding period in 2014, representing decrease of 7.8%. Accordingly, it gave rise to the decrease in the Group's sales volume of clean coal from approximately 273,900 tonnes in the corresponding period in 2014 to 201,800 tonnes in the Review Period, representing a decrease of 26.3%. In addition, the average selling price of clean coal dropped from approximately RMB863.3 per tonne in corresponding period in 2014 to approximately RMB748.8 per tonne during the Review Period regarding the weak market demand from steel manufacturers.

As regards customers, the large stated-owned steel manufacturers and traders continued to maintain significant customer portfolio of the Group. Top five largest customers contributed to approximately 74.5% of total revenue. However, considering the weak demand in the steel industry, the steel manufacturers tend to lengthen the credit period which will result in a longer receivable turnover. The Group will try to launch an effective credit control policy to speed up the turnover and to avoid any bad and doubtful debts.

During the Review Period, the average production cost of raw coal and clean coal maintained at a high level of approximately RMB207 per tonne and RMB667 per tonne, respectively, as compared to approximately RMB241 per tonne and RMB598 per tonne, respectively, in the corresponding period of 2014. During the Review Period, the consumption of materials, fuel and power was improved and led to a decrease in the production cost of raw coal to approximately RMB207 per tonne. However, the decrease in washing yield brought up the production cost of clean coal to approximately RMB667 per tonne.

OUTLOOK

In the first half of 2015, downward pressure on domestic economy, arduous situation in coal industry and coal prices lingering at low level continued to put the Company into a difficult business environment. However, the Company has committed to overcome difficulties by focusing on production and construction of coal mines. During the Review Period, the Company had nine consolidated core mines in Guizhou province, (i) one mine had entered into production under the requirement of the consolidation plan, (ii) four mines were allowed to undergo consolidation and production at the same time and (iii) the remaining four mines were under construction. In Sichuan province, the Company has five consolidated core mines, (i) two mines entered into production under the requirement of the consolidation plan, (ii) one mine entered into the trial run production and (iii) two mines were under construction.

During the Review Period, our emphasis on reinforcement of structural reform and reduction of administrative expenses has achieved prominent results. In future, the Company will focus on strengthening capital management, enhancing capital utilization, tightening mining technologies management, increasing production and construction efficiency, stepping up our efforts in management of production costs and selling expenses, strictly controlling its cost and expenses as well as reinforcing its system formulation, so as to ensure the management of all tasks will be effectively implemented.

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

Hong Kong
31 August 2015

Management Discussion and Analysis

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2015	2014	Change
	RMB'000	RMB'000	%
	(Unaudited)	(Unaudited)	
Revenue	**396,484**	327,965	20.9%
Gross profit	**14,622**	50,441	(71.0%)
Loss before tax	**(386,308)**	(1,129,702)	65.8%
Loss and total comprehensive expense for the period	**(390,516)**	(968,681)	59.7%
Adjusted EBITDA	**(92,942)**	68,626	(235.4%)
Basic loss per share (RMB cents)	**(19)**	(47)	59.6%

FINANCIAL REVIEW

Revenue

During the Review Period, the Group recorded a revenue of approximately RMB396.5 million, representing an increase of approximately 20.9%, as compared with approximately RMB328.0 million in the corresponding period in 2014.

During the Review Period, limited raw coal production volume was contributed to further manufacture of clean coal for sales during the coal mines consolidation in Sichuan and Guizhou provinces. Also, the further slowdown in the demand from steel manufacturers led to the decrease in the average selling price. The sales volume of clean coal amounted to approximately 201,800 tonnes as compared to approximately 273,900 tonnes in the corresponding period in 2014, representing a decrease of 26.3%. The average selling price (net of value added tax) of clean coal amounted to approximately RMB748.8 per tonne as compared to approximately RMB863.3 per tonne in the corresponding period in 2014, representing a decrease of approximately 13.3%. Accordingly, the Company has commenced trading of magnetic iron powder of approximately RMB188.9 million in order to supplement its coking coal business.

The following table sets forth the Group's turnover, sales volume and average selling price by products during the Review Period, together with the comparative amounts for the corresponding period in 2014:

	Six months ended 30 June					
	2015			2014		
	Turnover RMB'000	**Sales Volume (thousand tonnes)**	**Average Selling Price (RMB/ Tonne)**	Turnover RMB'000	Sales Volume (thousand tonnes)	Average Selling Price (RMB/ Tonne)
Principal products						
Clean coal	**151,104**	**201.8**	**748.8**	236,424	273.9	863.3
By-products						
High-ash thermal coal	**13,124**	**43.3**	**302.8**	24,449	97.2	251.6
Other products						
Raw coal	**38,001**	**113.1**	**336.0**	58,569	165.7	353.5
Magnetic iron powder	**188,872**	**365.9**	**516.1**	–	–	–
Others	**5,383**			8,523		
Other products total	**232,256**			67,092		
Total turnover	**396,484**			327,965		

Cost of sales

Cost of sales during the Review Period was approximately RMB381.9 million, representing an increase of approximately RMB104.4 million, or approximately 37.6%, as compared with approximately RMB277.5 million in the corresponding period in 2014. During the Review Period, the production volume of raw coal reduced from approximately 618,000 tonnes in the corresponding period in 2014 to approximately 570,000 tonnes during the Review Period, representing a decrease of approximately 7.8%, in relation to low production level maintained during the coal mines consolidation in Sichuan and Guizhou provinces.

The following table illustrates the production volume of the principal products in Sichuan and Guizhou provinces and the purchase volume of principal products for the respective period.

	Six months ended 30 June			
	2015 Raw coal ('000 tonnes)	**2015 Clean coal ('000 tonnes)**	2014 Raw coal ('000 tonnes)	2014 Clean coal ('000 tonnes)
Production volume				
Sichuan	**120**	**48**	27	5
Guihou	**450**	**80**	591	158
	570	**128**	618	163
Purchase volume	**–**	**26**	–	113

Material, fuel and power costs during the Review Period were approximately RMB316.5 million, representing an increase of approximately RMB123.6 million, or approximately 64.1%, as compared with approximately RMB192.9 million in corresponding period in 2014. The increase was primarily attributable to the purchase of magnetic iron powder of approximately RMB188.8 million for trading purpose. The material, fuel and power costs of approximately RMB127.7 million relating to the mining business represented a decrease of 33.8% as compared to the corresponding period in 2014. The decrease was primarily attributable to (i) the decrease in both the production volume of raw coal and clean coal, and (ii) the decrease in unit mining cost since less spending on materials, fuel and power consumptions but offset by the increase in clean coal production cost as more raw coal consumed during coal washing. Besides, approximately 26,000 tonnes of clean coal were purchased from outsiders for sales during the Review Period.

Staff costs during the Review Period were approximately RMB41.2 million, representing a decrease of approximately RMB2.4 million, or approximately 5.5%, as compared with approximately RMB43.6 million in the corresponding period of 2014. The decrease was in line with the decrease in production volume of the Group's principle products during the Review Period.

Depreciation and amortization during the Review Period were approximately RMB17.0 million, maintaining at similar level in the corresponding period of 2014.

The following table sets out the unit production costs of the respective segment.

	Six months ended 30 June	
	2015	2014
	RMB per tonne	RMB per tonne
Coal mining		
Cash cost	**175**	213
Depreciation and amortisation	**31**	28
Total production cost	**207**	241
Average cost of clean coal	**667**	598
Purchase cost of clean coal	**750**	926

Gross profit

As a result of the foregoing, the gross profit during the Review Period was approximately RMB14.6 million, representing a significant decrease of approximately RMB35.8 million or approximately 71.0%, as compared with approximately RMB50.4 million in the corresponding period in 2014. The gross profit margin during the Review Period was approximately 3.7% as compared with approximately 15.4% in the corresponding period in 2014.

Other income, gains and losses

During the Review Period, the Group recorded an aggregate losses of approximately RMB33.6 million, representing a substantial decrease of approximately RMB670.8 million, as compared to of approximately RMB704.4 million in the corresponding period in 2014. The decrease in aggregate losses was mainly attributable to (i) the turnaround from exchange loss of approximately RMB29.6 million in the corresponding period in 2014 to exchange gain of approximately RMB83,000 during the period and (ii) the decrease in impairment loss recognised in respect of property, plant and equipment of approximately RMB678.6 million arising from the coal mine consolidation in Sichuan and Guizhou provinces but offset by the decrease in gain on disposal of available-for-sale investments of approximate RMB36.4 million.

Management Discussion and Analysis (Continued)

Distribution expenses

Distribution expenses during the Review Period were approximately RMB19.6 million, representing a decrease of approximately RMB12.3 million or approximately 38.6%, as compared to approximately RMB31.9 million in the corresponding period of 2014. The decrease was in line with the decrease in sales volume of the Group's principal products.

Administrative expenses

Administrative expenses during the Review Period were approximately RMB107.0 million, representing a decrease of approximately RMB50.4 million or approximately 32.0%, as compared to approximately RMB157.4 million in corresponding period in 2014. The decrease was mainly attributable to the cost saving in staff costs of approximately RMB22.7 million and legal and professional expenses of approximately RMB18.6 million respectively as a result of the reinforcement or structural reform and reduction of administrative expenses.

Finance costs

Finance costs during the Review Period amounted to approximately RMB223.2 million, representing a decrease of approximately RMB51.3 million or approximately 18.7%, as compared with approximately RMB274.5 million in corresponding period in 2014. The decrease was mainly attributable to (i) a decrease in interest payable to advances drawn on bills receivable discounted of approximately RMB27.5 million and (ii) a decrease in interest expenses on senior notes of approximately RMB52.1 million after the tender offer to purchase for cash of approximately 51.91% of the total aggregate principal amount of the outstanding notes in 2014 but set off with (i) a decrease of interest capitalised on construction in progress of approximately RMB14.6 million and (ii) an increase in interest payable to bank and other borrowings of approximately RMB13.9 million.

Taxation

Taxation during the Review Period amounted to approximately RMB4.2 million, representing tax provision of PRC Enterprise Income Tax ("EIT") of the Company. In the corresponding period in 2014, the Company recorded a tax debit of approximately RMB161.0 million, mainly representing a deferred tax debit of approximately RMB161.9 million mainly arising from the tax impact on the impairment of property, plant and equipment. For the current year EIT, the effective tax rate is considered to be not comparable as there was significant tax effect of tax losses not recognized resulting from loss incurred in certain subsidiaries of the Company.

Loss for the period

As a result of the foregoing, the loss attributable to the owners of the Company during the Review Period was approximately RMB390.5 million, representing a decrease of approximately RMB577.7 million or approximately 59.7%, as compared with approximately RMB968.2 million in the corresponding period in 2014.

Earnings before interest, taxes, depreciation and amortization ("EBITDA")

The following table illustrates the Group's adjusted EBITDA for the respective periods. The Group's EBITDA margin was -23.4% for the Review Period as compared with 20.9% in corresponding period in 2014.

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Loss for the period	**(390,516)**	(968,681)
Adjusted for:		
— Impairment on property, plant and equipment	**30,925**	709,549
	(359,591)	(259,132)
Finance costs	**223,192**	274,474
Taxation	**4,208**	871
Depreciation and amortization	**39,249**	52,413
Adjusted EBITDA	**(92,942)**	68,626

Note: Taxation mentioned above only considers provision for EIT for the period for the calculation of adjusted EBITDA.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2015, the Group incurred net current liabilities of approximately RMB4,611 million as compared to approximately RMB3,448 million at 31 December 2014.

During the Review Period, cashflow from operating activities maintained at low level as limited production volume contributed from the Company's coal mines in Sichuan and Guizhou provinces. The Group continued focusing on the integration of coal mines and strengthening its operations of production and sales of clean coal. The management of the Group has implemented active cost-saving and value-adding measures to cut down operating costs and improve cash flows and financial position. Besides, the Group are negotiating with various financial institutions for renewal of the existing borrowings upon their maturity and/or obtaining additional financing. Finally, the Group are actively approaching potential buyers for assets disposal.

As at 30 June 2015, the bank balances and cash of the Group amounted to approximately RMB118 million (as at 31 December 2014: approximately RMB33 million).

As at 30 June 2015, the total bank and other borrowings of the Group were approximately RMB6,008 million (as at 31 December 2014: approximately RMB6,015 million), of which approximately RMB4,019 million was repayable within one year (as at 31 December 2014: approximately RMB3,182 million). As at 30 June 2015, loan amounting to RMB1,887 million carries interest at fixed rate ranging from 6.90% to 12.00% per annum. The remaining loans carry interest at variable market rates ranging from 3.30% to 9.25% per annum.

The gearing ratio (calculate as the aggregate of total bank and other borrowings, convertible loan notes and senior notes divided by total assets) of the Group as at 30 June 2015 was 51.6% (as at 31 December 2014: 50.8%).

PLEDGE OF ASSETS OF THE GROUP

As at 30 June 2015, the Group pledged its property, plant and equipment, bank deposits and bill receivables in an aggregate amount of approximately RMB4,343 million (as at 31 December 2014: approximately RMB4,745 million) to banks for credit facilities.

As at 30 June 2015, the director of the Company, Mr. Xian Yang, guaranteed the bank borrowings of approximately RMB1,860 million (as at 31 December 2014: approximately RMB1,430 million).

EMPLOYEES

As at 30 June 2015, the Group maintained an aggregate of 5,165 employees as compared with 5,153 employees at 31 December 2014. During the Review Period, the staff costs (including directors' remuneration in the form of salaries and other allowances) were approximately RMB71.0 million (corresponding period in 2014: approximately RMB92.5 million).

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

RISK IN FOREIGN EXCHANGE

Since all of the Group's business activities are transacted in RMB, the directors (the "Directors") of the Company 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$1.5 million and HK$1.2 million.

SIGNIFICANT INVESTMENT HELD

The Group had invested in unlisted equity investments of RMB66.8 million representing 15%, 5% and 1.24% equity interest in three entities established in the PRC and 5% interest in a company incorporated in Laos respectively. The principal activities of the investees are manufacturing of mining machinery, provision of trading coal products services, manufacture of lithium salt products and mining of potassium chloride and manufacture of potassium fertilizer respectively.

MATERIAL ACQUISITION AND DISPOSAL

During the Review Period, there was no material acquisition or disposal of subsidiaries and associated companies by the Group.

CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any material contingent liabilities.

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

As at 30 June 2015, 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 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	1,100,674,000	Founder and beneficiary of trust	53.81%
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	Interest of controlled corporation	0.95%
Mr. Sun	Able Accord Enterprises Limited ("Able Accord")	1,000	Beneficial owner	100%
Mr. Chan Chi Hing	The Company	80,000	Beneficial owner	0.004%

Notes:

1. The 1,100,674,000 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 Sarasin Trust Company Guernsey Limited ("Sarasin Trust") was the trustee. Accordingly, Mr. Xian is deemed to be interested in the 1,100,674,000 shares held by Sanlian Investment by virtue of the SFO. Mr. Xian is also the sole director of Sanlian Investment.

2. The 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.

Save as disclosed above, to the best knowledge of the Directors, as at 30 June 2015, 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 year 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 2015, 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*
Sarasin Trust (Note 1)	561,343,740 (L)	Trustee	27.44% (L)
Sanlian Investment (Note 1)	1,100,674,000 (L)	Beneficial owner	53.81% (L)
Mr. Xian (Note 1)	1,100,674,000 (L)	Interest of controlled corporation	53.81% (L)
Ms. Qiao Qian (Note 2)	1,100,674,000 (L)	Interest of spouse	53.81% (L)
Baring Private Equity Asia GP V, L.P. (Note 3)	400,000,000	Interest of controlled corporation	19.55% (L)
Jean Eric Salata (Note 3)	400,000,000	Interest of controlled corporation	19.55% (L)

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

Notes:

1. 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 Sarasin Trust was the trustee. Accordingly, Mr. Xian is deemed to be interested in 1,100,674,000 shares of the Company held by Sanlian Investment by virtue of the SFO. Mr. Xian is the sole director of Sanlian Investment.

2. 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.

3. Baring Private Equity Asia GP V, L.P. was wholly controlled by Baring Private Equity Asia GP V Limited (as general partner), a company which wholly controlled The Baring Asia Private Equity Fund V, L.P. Baring Private Equity Asia GP V. Limited was wholly controlled by Mr. Jean Eric Salata. Baring Private Equity Asia V Holding (8) Limited was 99.35% controlled by The Baring Asia Private Equity Fund V, L.P. Accordingly, Baring Private Equity Asia GP V, L.P. and Jean Eric Salata by virtue of the SFO are deemed to be interested in 400,000,000 shares of the Company.

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.

SHARE OPTIONS

The Company has adopted a share option scheme on 25 August 2007 (the "Share Option Scheme").

On 30 April 2009, 26 February 2011 and 4 February 2013, 43,200,000 share options, 55,000,000 share options and 44,700,000 share options have been granted by the Company respectively under the Share Option Scheme.

At 30 June 2015, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 137,147,000 (2014: 137,147,000). The directors and employees should be remained in office or employed by the Group for the options to be vested.

	Number of share options								
Name or category of participant	At 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period	At 30 June 2015	Date of grant	Exercise period	Exercise price HK$	Weighted average closing price per share immediate before the date of grant HK$
Directors									
Mr. Chan Chi Hing	–	–	–	–	–	30 April 2009	1 May 2010 to 24 August 2017	3.15	3.15
	–	–	–	–	–	30 April 2009	1 May 2011 to 24 August 2017	3.15	3.15
	20,000	–	–	–	20,000	30 April 2009	1 May 2012 to 24 August 2017	3.15	3.15
	20,000	–	–	–	20,000				
Mr. Huang Rongsheng	40,000	–	–	–	40,000	30 April 2009	1 May 2010 to 24 August 2017	3.15	3.15
	40,000	–	–	–	40,000	30 April 2009	1 May 2011 to 24 August 2017	3.15	3.15
	20,000	–	–	–	20,000	30 April 2009	1 May 2012 to 24 August 2017	3.15	3.15
	100,000	–	–	–	100,000				
	120,000	–	–	–	120,000				
Other employees in aggregate	11,587,000	–	–	–	11,587,000	30 April 2009	1 May 2010 to 24 August 2017	3.15	3.15
	17,128,000	–	–	–	17,128,000	30 April 2009	1 May 2011 to 24 August 2017	3.15	3.15
	8,564,000	–	–	–	8,564,000	30 April 2009	1 May 2012 to 24 August 2017	3.15	3.15
	21,960,000	–	–	–	21,960,000	26 February 2011	27 February 2012 to 24 August 2017	6.604	6.604
	21,960,000	–	–	–	21,960,000	26 February 2011	27 February 2013 to 24 August 2017	6.604	6.604
	10,980,000	–	–	–	10,980,000	26 February 2011	27 February 2014 to 24 August 2017	6.604	6.604
	44,700,000	–	–	–	44,700,000	4 February 2013	5 February 2014 to 24 August 2017	2.266	2.266
	136,879,000	–	–	–	136,879,000				
Other participants in aggregate	–	–	–	–	–	30 April 2009	1 May 2010 to 24 August 2017	3.15	3.15
	32,000	–	–	–	32,000	30 April 2009	1 May 2011 to 24 August 2017	3.15	3.15
	16,000	–	–	–	16,000	30 April 2009	1 May 2012 to 24 August 2017	3.15	3.15
	40,000	–	–	–	40,000	26 February 2011	27 February 2012 to 24 August 2017	6.604	6.604
	40,000	–	–	–	40,000	26 February 2011	27 February 2013 to 24 August 2017	6.604	6.604
	20,000	–	–	–	20,000	26 February 2011	27 February 2014 to 24 August 2017	6.604	6.604
	148,000	–	–	–	148,000				
	137,147,000	–	–	–	137,147,000				

The Group did not recognise any expense (for the six months ended 30 June 2014: RMB5,990,000) for the current period in relation to the share options granted by the Company.

During both periods, no share options have been exercised, forfeited, cancelled or lapsed under the Scheme.

AUDIT COMMITTEE

An audit committee was established on 25 August 2007 in compliance with Rule 3.21 of the Rule Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Corporate Governance Code (the "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 Chi Hing (Chairman), Mr. Chen Limin and Mr. Huang Rongsheng.

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 code provisions set out in the Code during the Review Period. The Directors are aware of any information that reasonably reveals that there is any non-compliance with or derivation from the Code by the Company any time during 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 of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, all Directors have confirmed their compliance with the required standards set out in the Model Code throughout the Review Period.

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 of directors
Hidili Industry International Development Limited
Xian Yang
Chairman

Hong Kong
31 August 2015

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months Ended 30 June 2015

	NOTES	Six months ended 30.6.2015 RMB'000 (unaudited)	30.6.2014 RMB'000 (unaudited)
Revenue	4	**396,484**	327,965
Cost of sales		**(381,862)**	(277,524)
Gross profit		**14,622**	50,441
Other income, gains and losses	5	**(33,568)**	(704,429)
Distribution expenses		**(19,649)**	(31,862)
Administrative expenses		**(107,020)**	(157,408)
Share of losses of associates		**(1,148)**	(1,137)
Share of losses of joint ventures		**(16,353)**	(10,833)
Finance costs	6	**(223,192)**	(274,474)
Loss before tax		**(386,308)**	(1,129,702)
Taxation	7	**(4,208)**	161,021
Loss and total comprehensive expense for the period	8	**(390,516)**	(968,681)
Loss and total comprehensive expense for the period attributable to the owners of the Company		**(390,502)**	(968,192)
Loss and total comprehensive expense attributable to non-controlling interests		**(14)**	(489)
		(390,516)	(968,681)
Loss per share	10		
Basic (RMB cents)		**(19)**	(47)
Diluted (RMB cents)		**(19)**	(47)

Condensed Consolidated Statement of Financial Position

As at 30 June 2015

	NOTES	30.6.2015 RMB'000 (unaudited)	31.12.2014 RMB'000 (audited)
Non-current Assets			
Property, plant and equipment	11	**8,761,027**	8,399,929
Prepaid lease payments		**85,267**	85,881
Intangible assets		**132,579**	135,094
Interests in joint ventures		**2,352,634**	2,368,987
Interests in associates		**36,748**	40,896
Available-for-sale investments		**66,778**	73,778
Long term deposits		**274,008**	384,052
Pledged and restricted bank deposits	14	**213,812**	511,688
		11,922,853	12,000,305
Current Assets			
Inventories		**141,576**	187,736
Bills and trade receivables	12(a)	**260,556**	286,742
Bills receivables discounted with recourse	12(b)	**–**	12,000
Other receivables and prepayments	13	**505,520**	727,223
Amount due from a joint venture		**33,978**	64,525
Pledged bank deposits	14	**859,119**	777,223
Bank balances and cash		**118,058**	32,767
		1,918,807	2,088,216
Current Liabilities			
Bills and trade payables	15	**795,986**	586,757
Advances drawn on bills receivables discounted with recourse		**–**	12,000
Other payables and accrued expenses		**515,178**	550,634
Amounts due to related parties		**3,692**	3,389
Amount due to a non-controlling shareholder		**14,765**	14,765
Amount due to an associate		**12,426**	12,282
Tax payables		**34,380**	35,352
Senior notes		**1,134,533**	1,131,844
Convertible loan notes		**–**	7,504
Bank and other borrowings — due within one year	16	**4,018,665**	3,181,508
		6,529,625	5,536,035
Net Current Liabilities		**(4,610,818)**	(3,447,819)
Total Assets less Current Liabilities		**7,312,035**	8,552,486
Capital and Reserves			
Share capital	17	**197,506**	197,506
Reserves		**4,976,571**	5,367,073
Equity attributable to owners of the Company		**5,174,077**	5,564,579
Non-controlling interests		**35,217**	35,231
Total Equity		**5,209,294**	5,599,810
Non-current Liabilities			
Provision for restoration and environmental costs		**7,968**	7,735
Other long term payables	18	**28,260**	34,620
Deferred tax liabilities		**76,879**	76,879
Bank and other borrowings — due after one year	16	**1,989,634**	2,833,442
		2,102,741	2,952,676
		7,312,035	8,552,486

Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2015

	Attributable to owners of the Company											
	Share capital RMB'000	**Share premium** RMB'000	**Special reserve** RMB'000	**Statutory surplus reserve** RMB'000	**Convertible loan notes reserve** RMB'000	**Future development fund** RMB'000	**Share option reserve** RMB'000	**Other reserve** RMB'000	**Retained profits** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total** RMB'000
At 1 January 2015 (audited)	197,506	2,935,794	695,492	466,997	652	128,718	240,542	(99,070)	997,948	5,564,579	35,231	5,599,810
Loss and total comprehensive expense for the period	–	–	–	–	–	–	–	–	(390,502)	(390,502)	(14)	(390,516)
Derecognition of convertible bonds	–	–	–	–	(652)	–	–	–	652	–	–	–
At 30 June 2015 (unaudited)	197,506	2,935,794	695,492	466,997	–	128,718	240,542	(99,070)	607,446	5,174,077	35,217	5,209,294
At 1 January 2014 (audited)	197,506	2,935,794	695,492	533,790	652	168,505	234,552	(99,070)	2,314,319	6,981,540	36,397	7,017,937
Loss and total comprehensive expense for the period	–	–	–	–	–	–	–	–	(968,192)	(968,192)	(489)	(968,681)
Transfer	–	–	–	–	–	3,113	–	–	(3,113)	–	–	–
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	–	5,990	–	–	5,990	–	5,990
At 30 June 2014 (unaudited)	197,506	2,935,794	695,492	533,790	652	171,618	240,542	(99,070)	1,343,014	6,019,338	35,908	6,055,246

Condensed Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2015

	NOTES	Six months ended 30.6.2015 RMB'000 (unaudited)	30.6.2014 RMB'000 (unaudited)
Net cash from (used in) operating activities		**413,455**	(55,758)
Net cash used in investing activities			
Placement of pledged and restricted bank deposits		**(171,889)**	(1,772,533)
Additions to property, plant and equipment	11	**(395,415)**	(336,267)
Acquisition of subsidiaries		**–**	(74,725)
Deposits paid for acquisition of assets and land use rights		**–**	(18,474)
Proceeds from disposal of property, plant and equipment		**547**	363,588
Proceeds from disposal of available-for-sale investments		**–**	104,063
Proceeds from disposal of a subsidiary		**–**	253,146
Withdrawal of pledged and restricted bank deposits		**387,869**	1,071,240
Deposits refund for acquisition of assets		**103,638**	–
Other investing cash flows		**27,431**	23,688
		(47,819)	(386,274)
Net cash (used in) from financing activities			
New bank and other borrowings raised	16	**2,115,618**	2,807,855
Repayment of other long term payables		**(24,000)**	(34,200)
Interest paid		**(242,823)**	(308,437)
Repayment of bank borrowings	16	**(2,122,269)**	(2,174,000)
Redemption of convertible loans notes		**(6,871)**	–
Other financing cash flows		**–**	17,912
		(280,345)	309,130
Net decrease in cash and cash equivalents		**85,291**	(132,902)
Cash and cash equivalents at 1 January		**32,767**	326,561
Cash and cash equivalents at 30 June		**118,058**	193,659

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2015

1. GENERAL

Hidili Industry International Development Limited 恒鼎實業國際發展有限公司 (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 address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the address of the principal place of business of the Company is Room 3702, 37th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, 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 ultimate holding company is Sarasin Trust Company Guernsey Limited, which is controlled by Mr. Xian Yang, an executive director and chief executive of the Company. The Company together with its subsidiaries are hereinafter collectively referred to as the Group. The Company acts as investment holding company and its subsidiaries are engaged in mining and sale of raw coal and clean coal.

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 of Hong Kong Limited (the "Listing Rules").

In preparing these condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that as at 30 June 2015, the Group's current liabilities exceeded its current assets by approximately RMB4,610,818,000 and during the six months period ended 30 June 2015, the Group incurred loss of approximately RMB390,516,000. In addition, the Group had capital commitments contracted for but not provided in the condensed consolidated financial statements of approximately RMB350,764,000 as stated in note 19.

The directors have also taken note of the financial and liquidity issues the Group is currently facing as well as the measures being taken or contemplated to deal with them. These measures include, among others, (i) strengthening its operations of production and sales of clean coal through implementing active cost-saving and value-adding measures to improve its operating cash flows and financial position, (ii) negotiations with various financial institutions for renewal of the existing borrowings upon their maturity and/or obtaining additional financing, and (iii) proposed assets disposal. The effectiveness of these measures cannot be presently determined because the completion of these transactions is subject to the coking coal market environment and the outcome of negotiations with the financial institutions for fund raising activities and potential buyers for assets disposal respectively. Nevertheless, the condensed consolidated financial statements have been prepared on the basis that the Company will continue as a going concern.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs"):

Amendments to IFRSs	Annual improvements to IFRSs 2010–2012 cycle
Amendments to IFRSs	Annual improvements to IFRSs 2011–2013 cycle
Amendments to IAS 19	Defined benefit plans: Employee contributions

The application of the above amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers for the purpose of allocating resources to segments and assessing their performance. Information reported to the chief operating decision makers (i.e. the executive directors) for the purposes of resource allocation and performance assessment focuses on the Group's business operations, which is the basis upon which the Group is organised.

The Group's reportable and operating segments under IFRS 8 are comprised of: (i) coal mining; (ii) Trading; and (iii) others. Management identifies the Group's segments by the nature of the Group's operation.

Principal activities are as follows:

Coal mining	—	Production and sales of clean coal and its by-products
Trading	—	Trading of magnetic iron power
Others	—	Manufacture and sales of alloy pig iron and others

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segments revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	Six months ended 30 June 2015 (unaudited)			
	Coal mining RMB'000	**Trading RMB'000**	**Others RMB'000**	**Total RMB'000**
REVENUE				
External	**207,612**	**188,872**	**–**	**396,484**
RESULTS				
Segment losses	**(41,416)**	**(9,336)**	**–**	**(50,752)**
Other income, gains and losses				**12,157**
Administrative expenses				**(107,020)**
Share of losses of associates				**(1,148)**
Share of losses of joint ventures				**(16,353)**
Finance costs				**(223,192)**
Loss before tax				**(386,308)**

	Six months ended 30 June 2014 (unaudited)			
	Coal mining RMB'000	Trading RMB'000	Others RMB'000	Total RMB'000
REVENUE				
External	327,405	–	560	327,965
RESULTS				
Segment losses	(712,049)	–	226	(711,823)
Other income, gains and losses				25,973
Administrative expenses				(157,408)
Share of losses of associates				(1,137)
Share of losses of joint ventures				(10,833)
Finance costs				(274,474)
Loss before tax				(1,129,702)

Segment (losses) profit represents (loss) profit incurred by each segment without allocation of other gains and losses, administrative expenses, finance costs, share of losses of associates, and share of losses of joint ventures. This is the measure reported to the chief operating decision makers (i.e. the executive directors of the Company) for the purposes of resource allocation and assessment of segment performance.

5. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30.6.2015 RMB'000 (unaudited)	Six months ended 30.6.2014 RMB'000 (unaudited)
Interest income	**19,438**	21,031
Government grant	**13,526**	405
Gain on disposal of available-for-sale investments	**–**	36,358
Gain on disposal of subsidiaries	**–**	1,476
Exchange gain (loss)	**83**	(29,633)
Loss on disposal of property, plant and equipment	**(2,248)**	(9,867)
Impairment loss recognised on trade receivables	**(2,057)**	(20,853)
Impairment loss recognised on other receivable	**(26,269)**	–
Impairment loss recognised in respect of property, plant and equipment	**(30,925)**	(709,549)
Impairment loss recognised on an available-for-sale investment	**(7,000)**	–
Others	**1,884**	6,203
	(33,568)	(704,429)

6. FINANCE COSTS

	Six months ended 30.6.2015 RMB'000 (unaudited)	Six months ended 30.6.2014 RMB'000 (unaudited)
Interest expenses on borrowings wholly repayable within five years:		
— bank and other borrowings	**191,761**	177,818
— advances drawn on bills receivable discounted	**2,222**	29,754
Interest expense on senior notes	**48,309**	100,408
Effective interest expense on convertible loan notes	**24**	256
	242,316	308,236
Less: Interest capitalised in construction in progress	**(19,124)**	(33,762)
	223,192	274,474

7. TAXATION

	Six months ended 30.6.2015 RMB'000 (unaudited)	30.6.2014 RMB'000 (unaudited)
Current tax — PRC Enterprise Income Tax ("EIT")	**(4,208)**	(871)
Deferred tax	**–**	161,892
	(4,208)	161,021

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.

Deferred tax credit recognised during the six months ended 30 June 2014 represents deferred tax assets recognised in respect of impairment of property, plant and equipment during the six months ended 30 June 2014.

8. LOSS FOR THE PERIOD

	Six months ended 30.6.2015 RMB'000 (unaudited)	30.6.2014 RMB'000 (unaudited)
Loss for the period has been arrived at after charging the following items:		
Amortisation of intangible assets	**2,515**	2,515
Release of prepaid lease payments	**964**	634
Provision for restoration and environmental costs	**233**	245
Depreciation of property, plant and equipment	**35,770**	49,264
Directors' remunerations	**1,214**	1,307
Salaries and other benefits	**69,360**	84,361
Retirement benefits scheme contribution	**408**	846
Share-based payment expenses	**–**	5,990
Total staff costs	**70,982**	92,504

9. DIVIDEND

No dividends were paid, declared or proposed for the period ended 30 June 2015 and 2014 or since the end of the reporting period.

10. LOSS PER SHARE

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

Loss

	Six months ended	
	30.6.2015	30.6.2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss for the purposes of basic and diluted earnings per share		
Loss for the period attributable to owners of the Company	**(390,502)**	(968,192)

Number of shares

	Six months ended	
	30.6.2015	30.6.2014
	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**2,045,598**	2,045,598

The computation of diluted loss per share for the six months ended 30 June 2015 and 2014 does not assume the conversion of the Company's convertible loan notes and the exercise of the Company's share options since their assumed conversion and exercise would result in a decrease in loss per share.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group paid approximately RMB3.8 million (six months ended 30 June 2014: RMB128.3 million) and RMB391.6 million (six months ended 30 June 2014: RMB208 million) on acquisition of property, plant and equipment and construction in progress, respectively.

In addition, the Group is negotiating with the relevant government authorities of the People's Republic of China (the "PRC") in relation to the mines merger and consolidation plans in respect of the Group's coal mines in Sichuan and Guizhou provinces, pursuant to which the Group considered that some of the identified mining structures, including those under construction, will no longer be used in the mining operations because of safety and environmental factors. Accordingly, an impairment loss of RMB3,943,000, RMB21,090,000, RMB5,815,000 and RMB77,000 of buildings, mining structures, machineries and office and electronic equipment has been recognised respectively in the condensed consolidated financial statements during the period ended 30 June 2015. However, the negotiations with the relevant government authorities of the PRC in relation to the process of finalising and completing the mines merger and consolidation have not been concluded and the Group has not obtained the mining licences granted by the relevant government authorities. The directors believe that the amount estimated in respect of the impairment is appropriate based on the currently available information obtained from the negotiations with the relevant government authorities. However, once these negotiations have been finalised, the ultimate recoverable amount of other relevant property, plant and equipment may be significantly lower than their carrying amount and this may have a consequential effect on the final amount of the impairment to be recognised in respect of the property, plant and equipment.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT *(Continued)*

At 30 June 2015, the legal titles of the mining rights included in property, plant and equipment with carrying values of approximately RMB30 million (31 December 2014: RMB30 million), have not been granted by the relevant government authorities and the relevant title transfers are still under application. In the opinion of the directors, taking into account of the PRC lawyers legal opinion, all the risks and rewards of ownership of mining rights have been transferred to the Group.

12. 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 to 120 days to its trade customers and the average credit period for bills receivables is ranging from 90 to 180 days.

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

	30.6.2015 RMB'000 (unaudited)	31.12.2014 RMB'000 (audited)
Aged:		
0–90 days	**173,924**	251,838
91–120 days	**378**	5,375
121–180 days	**48,655**	10,756
181–365 days	**37,400**	18,773
Over 365 days	**199**	–
	260,556	286,742

(B) Bills Receivables Discounted with Recourse

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

	30.6.2015 RMB'000 (unaudited)	31.12.2014 RMB'000 (audited)
0–90 days	**–**	7,000
121–180 days	**–**	5,000
	–	12,000

13. OTHER RECEIVABLES AND PREPAYMENT

During the period ended 30 June 2014, the Group received refund of advance payment of RMB406,332,000 from a supplier, an independent party, for purchasing of coal.

14. PLEDGED BANK DEPOSITS

During the current interim period, the Group pledged bank deposits of RMB1,059 million to secure bills payable and bank borrowings, of which RMB859 million is pledged for bills payable and bank borrowings which are repayable within one year and RMB200 million is pledged for a bank borrowing which is repayable after one year, and therefore classified as current assets and non-current assets, respectively.

15. BILLS AND TRADE PAYABLES

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

	30.6.2015 RMB'000 (unaudited)	31.12.2014 RMB'000 (audited)
Aged:		
0–90 days	327,838	224,928
91–180 days	13,259	213,424
181–365 days	333,670	61,688
Over 365 days	121,219	86,717
	795,986	586,757

16. BANK AND OTHER BORROWINGS

	30.6.2015 RMB'000 (unaudited)	31.12.2014 RMB'000 (audited)
Secured bank loans	5,143,665	4,749,906
Unsecured bank loans	464,634	465,044
Unsecured other loans	400,000	800,000
	6,008,299	6,014,950

The bank and other borrowings are repayable as follows:

	30.6.2015 RMB'000 (unaudited)	31.12.2014 RMB'000 (audited)
Carrying amount of bank and other borrowings repayable:		
Within one year	4,018,665	3,181,508
More than one year, but not exceeding two years	1,989,634	1,488,398
More than two years, but not exceeding five years	–	1,345,044
Total bank and other borrowings	6,008,299	6,014,950
Less: Amount due within one year shown under current liabilities	(4,018,665)	(3,181,508)
Amount due after one year	1,989,634	2,833,442

During the current interim period, the Group obtained new borrowings in an aggregate amount of RMB2,115.6 million (for the six months ended 30 June 2014: RMB2,807.9 million) and repaid borrowings in an aggregate amount of RMB2,122.3 million (for the six months ended 30 June 2014: RMB2,174 million). As at 30 June 2015, loan amounting to RMB1,887.2 million carries interest at fixed rate ranging from 6.90% to 12.00% per annum. The remaining loans carry interest at variable market rates ranging from 3.30% to 9.25% per annum. The proceeds were used to finance the acquisition of property, plant and equipment, repayment of existing debts and for general working capital purpose of the Group.

17. SHARE CAPITAL

	Number of shares	Amount HK$'000	Amount RMB'000
Ordinary shares of HK$0.1 each			
Issued and fully paid:			
As at 1 January 2014, 30 June 2014,1 January 2015 and 30 June 2015	2,045,598,000	204,560	197,506

18. OTHER LONG TERM PAYABLES

	30.6.2015 RMB'000 (unaudited)	31.12.2014 RMB'000 (audited)
Other long term payables comprise:		
Consideration payable for mining right (Note)	**52,380**	76,380
Less: Amount due within one year shown under current liabilities (included in other payables and accrued expenses)	**(24,120)**	(41,760)
	28,260	34,620

Note: Pursuant to the mining right agreements entered into between the Group and the relevant government authorities of the PRC from 2008 to 2011, the consideration payable for the mining right in respect of the mining site located at Guizhou Province carried interest at prevailing market rates and is repayable in instalments over two to ten years. The effective interest rate is 5.31%.

19. CAPITAL COMMITMENTS

	30.6.2015 RMB'000 (unaudited)	31.12.2014 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	**215,580**	264,624
The Group's share of the capital commitment made jointly with other joint venturers relating to its joint venture, Yunnan Dongyuan Hidili, Coal Industry Company Limited ("Yunnan Hidili"), is as follows:		
Commitments for the acquisition of property, plant and equipment	**135,184**	100,968

20. 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:

	30.6.2015 RMB'000 (unaudited)	31.12.2014 RMB'000 (audited)
Property, plant and equipment	3,279,962	3,490,169
Bank deposits	1,059,119	1,235,223
Bills receivables	4,000	19,580
	4,343,081	4,744,972

In addition, the senior notes are secured on the capital stock of, and guaranteed by, certain of the Company's subsidiaries then existed at the date of issue of the senior notes other than those established under the laws of the PRC. Moreover, other secured loans are secured by equity interest of certain subsidiaries of the Company.

21. RELATED PARTY DISCLOSURES

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

(I) Transactions:

Name of Company	Relationship	Nature of transactions	Six months ended 30.6.2015 RMB'000 (unaudited)	Six months ended 30.6.2014 RMB'000 (unaudited)
Yunnan Hidili	Joint venture	Sales of coal	26	29,631

As at 30 June 2015, the director, Mr. Xian Yang guaranteed bank borrowings of approximately RMB1,860 million (31 December 2014: RMB1,430 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 30.6.2015 RMB'000 (unaudited)	Six months ended 30.6.2014 RMB'000 (unaudited)
Short-term benefits	2,774	1,905
Post-employment benefits	66	29
	2,840	1,934