Hidili Industry International Development Limited
恒鼎實業國際發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01393)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2026	2025	Change
	RMB'000	*RMB'000*	*%*
	(Unaudited)	(Unaudited)	
Revenue	**872,005**	1,008,390	(13.5%)
Gross profit	**58,710**	94,015	(37.6%)
Loss before tax	**(174,942)**	(247,976)	(29.5%)
Loss and total comprehensive expense for the period	**(166,018)**	(248,377)	(33.2%)
EBITDA	**117,144**	63,668	84.0%
Basic loss per share (RMB cents)	**(3.6)**	(5.3)	(32.1%)

The board (the "**Board**") of directors (the "**Directors**") of Hidili Industry International Development Limited 恒鼎實業國際發展有限公司 (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (together, the "**Group**") for the six months ended 30 June 2026 (the "**Review Period**"), together with the comparative figures for the corresponding period in 2025.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Six months ended 30 June	
	Notes	**2026**	2025
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**872,005**	1,008,390
Cost of sales		**(813,295)**	(914,375)
Gross profit		**58,710**	94,015
Interest revenue		**12,365**	12,347
Other income	*5*	**24,846**	5,323
Other gains and losses	*6*	**65,541**	24,657
Distribution expenses		**(50,108)**	(91,937)
Administrative expenses		**(108,186)**	(119,134)
Share of loss of an associate		**(9)**	–
Share of loss of a joint venture		**(27,168)**	(16,621)
Finance costs	*7*	**(150,933)**	(156,626)
Loss before tax		**(174,942)**	(247,976)
Income tax credit/(expense)	*8*	**8,924**	(401)
Loss and total comprehensive expense for the period		**(166,018)**	(248,377)
Loss and total comprehensive expense for the period attributable to:			
– Owners of the Company		**(166,511)**	(246,137)
– Non-controlling interests		**493**	(2,240)
		(166,018)	(248,377)
Loss per share	*11*		
Basic *(RMB cents)*		**(3.6)**	(5.3)
Diluted *(RMB cents)*		**(3.6)**	(5.3)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**8,483,624**	8,606,755
Right-of-use assets		**33,540**	38,396
Investment in an associate		**43,777**	43,786
Interests in a joint venture		**998,769**	1,025,937
Equity investments at fair value through other comprehensive income		**5,500**	5,500
Long-term deposits		**14,673**	14,673
		9,579,883	9,735,047
CURRENT ASSETS			
Inventories		**241,549**	196,073
Bills and trade receivables	*12(a)*	**393,558**	328,497
Bills receivables discounted with recourse	*12(b)*	**–**	–
Other receivables and prepayments		**884,609**	822,056
Amount due from a joint venture		**499,391**	482,058
Pledged bank deposits		**711**	711
Bank and cash balances		**8,440**	43,065
		2,028,258	1,872,460
CURRENT LIABILITIES			
Bills and trade payables	*13*	**788,662**	735,363
Contract liabilities		**306,421**	340,926
Advances drawn on bills receivables discounted with recourse		**–**	–
Accruals and other payables		**2,863,084**	2,713,556
Lease liabilities		**13,883**	11,071
Tax payables		**30,401**	39,458
New USD Senior Notes		**650,364**	625,839
Bank and other borrowings		**5,573,623**	5,546,119
		10,226,438	10,012,332

	Notes	**30 June 2026** *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
NET CURRENT LIABILITIES		**(8,198,180)**	(8,139,872)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,381,703**	1,595,175
NON-CURRENT LIABILITIES			
Other payables		**26,038**	26,247
Provision for restoration and environmental costs		**18,670**	18,112
Lease liabilities		**21,866**	29,934
Deferred tax liabilities		**9,881**	10,379
Preferred shares		**982,950**	1,022,187
		1,059,405	1,106,859
NET ASSETS		**322,298**	488,316
CAPITAL AND RESERVES			
Share capital		**421,298**	421,298
Reserves		**(119,627)**	46,884
Equity attributable to owners of the Company		**301,671**	468,182
Non-controlling interests		**20,627**	20,134
TOTAL EQUITY		**322,298**	488,316

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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. The Company acts as an investment holding company and its subsidiaries are engaged in coking coal mining and sale of clean coal and its by-products.

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 (trustee of the discretionary trust), which is controlled by Mr. Xian Yang (who passed away on 10 September 2024), the then executive director of the Company. As at the date of the approval of the consolidated financial statements, the spouse of Mr. Xian Yang, Ms. Qiao Qian ("**Ms. Qiao**") had engaged legal counsel to handle matters in relation to the discretionary trust.

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

The Group incurred a loss of approximately RMB166.0 million for the six months ended 30 June 2026 and had net current liabilities of approximately RMB8,198.2 million as at 30 June 2026. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least twelve months from 30 June 2026, taking into account the following plans and measures:

(a) The Group is negotiating with banks and relevant financial institution to roll over the loan repayments and extend repayment of interests;

(b) The Group is negotiating with offshore creditors for constructive and feasible repayment proposals;

(c) The Group is planning on disposal of certain assets;

(d) The Group expects that its operations will continue to improve liquidity and profitability; and

(e) The Group will continue to take active measures to control administrative and production costs.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of not less than twelve months from 30 June 2026. In the opinion of the directors, considering the anticipated cash inflows from operations, the implementation of cost control measures, and the above-mentioned plans and measures, the Group will have sufficient financial resources to meet its financial obligations as and when they fall due within the next twelve months from 30 June 2026. Accordingly, the directors are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, material uncertainties exist as to whether the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern depends upon the following:

(i) the successful negotiation with banks and relevant financial institution to roll over the loan repayments and extend repayment of interests;

(ii) the successful negotiation with offshore creditors for constructive and feasible repayment proposals;

(iii) the successful disposal of certain assets of the Group;

(iv) the successful outcome that would continue improving the liquidity and profitability of the Group; and

(v) the successful outcome that certain measures to control the administrative and production costs.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements

3. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

In the current interim period, the Group has adopted all the new and revised International Financial Reporting Standards Accounting Standards ("**IFRS Accounting Standards**") issued by International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 January 2026. IFRS Accounting Standards comprise International Financial Reporting Standards ("**IFRS**"), International Accounting Standards, and Interpretations. The adoption of these new and revised IFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current interim period.

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

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	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Sales of coal and its by-products:		
Clean coal	**807,906**	944,607
High-ash thermal coal	**60,705**	61,428
Others	**3,394**	2,355
Revenue from contracts with customers	**872,005**	1,008,390

Disaggregation Revenue From Contracts with Customers

Time of Revenue Recognition

All timing of revenue recognition is at a point of time for the six months ended 30 June 2026 and 2025.

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.

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	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Customer A	**258,372**	*–
Customer B	**102,377**	*37,789
Customer C	***46,076**	188,894
Customer D	***–**	246,392

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	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Government grant *(note)*	**24,401**	1,780
Others	**445**	3,543
	24,846	5,323

Note: The amounts represent incentives received from government regarding renovation of mechanization and informatization.

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net exchange gain	**59,182**	17,246
Reversal of impairment of trade and other receivables	**2,259**	1,470
Written-off of property, plant and equipment	**(3,273)**	(30)
Others	**7,373**	5,971
	65,541	24,657

7. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest expenses on borrowings wholly repayable within five years:		
– bank and other borrowings	**149,644**	153,560
– advances drawn on bills receivables discounted	**368**	1,957
	150,012	155,517
Interest expenses on lease liabilities	**921**	1,109
	150,933	156,626

8. INCOME TAX CREDIT/(EXPENSE)

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**8,426**	(921)
Deferred taxation	**498**	520
	8,924	(401)

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	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging the following items:		
Provision for restoration and environmental costs	**558**	666
Depreciation of property, plant and equipment	**134,961**	153,544
Depreciation of right-of-use assets	**6,192**	1,474
Directors' remunerations	**2,150**	2,400
Salaries and other benefits	**278,447**	343,481
Retirement benefits scheme contribution	**10,278**	11,199
Total staff costs	**290,875**	357,080

10. DIVIDENDS

No dividends were paid, declared or proposed for the period ended 30 June 2026 and 2025 or since the end of the reporting period.

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	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
LOSS		
Loss for the purposes of basic and diluted loss per share		
Loss for the period attributable to owners of the Company	**(166,511)**	(246,137)

	Six months ended 30 June	
	2026	2025
	'000	*'000*
NUMBER OF SHARES		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**4,605,259**	4,605,259

The effect of all potential ordinary shares is anti-dilutive for the six months ended 30 June 2026 and 2025.

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

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Trade receivables	**393,558**	322,728
Bills receivables	**–**	5,769
	393,558	328,497

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

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Aged:		
0-90 days	**233,721**	179,454
91-120 days	**3,985**	1,638
121-180 days	**12,553**	8,682
181-365 days	**43,656**	10,333
Over 356 days	**99,643**	122,621
	393,558	322,728

(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 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Aged:		
0-120 days	**–**	–

13. BILLS AND TRADE PAYABLES

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

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Aged:		
0-90 days	**46,659**	70,612
91-180 days	**59,780**	57,589
181-365 days	**77,782**	22,709
Over 365 days	**604,441**	584,453
	788,662	735,363

14. CAPITAL COMMITMENTS

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	**394,761**	417,768

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	**30,553**	30,553

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

During the Review Period, revenue of the Group amounted to approximately RMB872.0 million, representing a decrease of approximately 13.5%, as compared to that of approximately RMB1,008.4 million in the corresponding period in 2025. During the Review Period, clean coal market prices have rebounded as driven by demand from the steel enterprises, the average selling price of the Company amounted to approximately RMB1,305.2 per tonne, representing an increase of approximately 17.0% as compared to that of approximately RMB1,115.1 per tonne in the corresponding period in 2025. However, in line with the decrease in raw coal production of the Company, sales volume of clean coal decreased from approximately 847,100 tonnes in the corresponding period in 2025 to approximately 619,000 tonnes, representing a decrease of approximately 26.9%.

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 2025:

	Six months ended 30 June					
	2026			2025		
	Turnover	**Sales Volume**	**Average Selling Price**	Turnover	Sales Volume	Average selling price
	RMB'000	***(thousand tonnes)***	***(RMB/ Tonne)***	*RMB'000*	*(thousand tonnes)*	*(RMB/ Tonne)*
Principal products						
Clean coal	**807,906**	**619.0**	**1,305.2**	944,607	847.1	1,115.1
By-products						
High-ash thermal coal	**60,705**	**471.9**	**128.6**	61,428	527.0	116.6
Other products						
Others	**3,394**			2,355		
Total turnover	**872,005**			1,008,390		

Cost of sales

Cost of sales for the Review Period was approximately RMB813.3 million, representing a decrease of approximately RMB101.1 million, or approximately 11.1%, as compared to that of approximately RMB914.4 million in the corresponding period in 2025.

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

	Six months ended 30 June		
	2026	2025	Change
	(Thousand tonnes)	*(Thousand tonnes)*	%
Raw coal			
Sichuan province	**72**	140	(48.6%)
Guizhou province	**2,234**	2,482	(10.0%)
	2,306	2,622	(12.1%)
Clean coal			
Sichuan province	**24**	52	(53.8%)
Guizhou province	**517**	770	(32.9%)
	541	822	(34.2%)

During the Review Period, the Company's investments in mechanized coal mining and the enhancement in production process were largely completed. To ensure more efficient resource allocation, raw coal mining is currently concentrated in one consolidated core mine in Sichuan Province and four consolidated core mines in Guizhou Province. Furthermore, the Company continued to implement budget control over production overheads and optimized coal mine resource allocation during the Review Period, resulting in a further decrease in raw coal production costs. Variable and fixed production costs (including materials, fuel, power, labor costs, and manufacturing overhead) were more effectively allocated. The unit production cost of raw coal further decreased to approximately RMB264 per tonne, a decrease of approximately 8.0% as compared to that of approximately RMB287 per tonne in the corresponding period in 2025.

However, during the coal washing process, the consumption of raw coal was higher than usual during the Review Period, leading to a significant increase in the production cost of clean coal. The unit production cost of clean coal increased to approximately RMB1,245 per tonne, an increase of approximately 28.6% as compared to that of approximately RMB968 per tonne in the corresponding period in 2025. In addition, clean coal production also decreased during the Review Period, with approximately 541,000 tonnes, a decrease of approximately 34.2% as compared to that of approximately 822,000 tonnes in the corresponding period in 2025.

Material, fuel and power costs for the Review Period were approximately RMB257.4 million, representing an increase of approximately RMB28.8 million, or approximately 12.6%, as compared to that of approximately RMB228.6 million in the corresponding period in 2025. Despite the decline in both raw coal and clean coal production during the Review Period, the increased consumption of raw coal, coupled with the need to purchase additional clean coal from external sources, ultimately resulted in an overall increase in costs.

Staff costs for the Review Period were approximately RMB252.0 million, representing a decrease of approximately RMB71.8 million, or approximately 22.2%, as compared to that of approximately RMB323.8 million in the corresponding period in 2025. The decrease was primarily attributable to the Company's further reduction in mining site management personnel and the decline in production output.

Depreciation and amortization for the Review Period were approximately RMB108.4 million, representing a decrease of approximately RMB18.3 million, or approximately 14.4%, as compared to that of approximately RMB126.7 million in the corresponding period in 2025. The decrease was in line with the decrease in production volume.

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

	Six months ended 30 June		
	2026	2025	Change
	RMB per tonne	*RMB per tonne*	%
Coal mining			
Cash cost	**217**	241	(10.0%)
Depreciation and amortization	**47**	46	(2.2%)
Total production cost	**264**	287	(8.0%)
Average cost of clean coal	**1,245**	968	28.6%

Gross profit

As a result of the foregoing, the gross profit for the Review Period was approximately RMB58.7 million, representing a decrease of approximately RMB35.3 million or approximately 37.6%, as compared to that of approximately RMB94.0 million in the corresponding period in 2025. The gross profit margin during the Review Period was approximately 6.7% as compared with approximately 9.3% in the corresponding period in 2025.

Other income

During the Review Period, other income amounted to approximately RMB24.8 million, as compared to approximately RMB5.3 million in the corresponding period in 2025. The increase was mainly attributable to the increase in government grant during the Review Period.

Other gains and losses

During the Review Period, the Company recorded other gains of approximately RMB65.5 million, representing an increase of approximately RMB40.8 million, as compared to that of approximately RMB24.7 million in the corresponding period in 2025. The increase was mainly attributable to an increase in net exchange gain of approximately RMB41.9 million.

Distribution expenses

Distribution expenses for the Review Period were approximately RMB50.1 million, representing a decrease of approximately RMB41.8 million or approximately 45.5%, as compared to that of approximately RMB91.9 million in the corresponding period in 2025. The decrease was attributable to the decrease in sales volume of clean coal and the transportation costs during the Review Period.

Administrative expenses

Administrative expenses during the Review Period were approximately RMB108.2 million, representing a decrease of approximately RMB10.9 million or approximately 9.2%, as compared to that of approximately RMB119.1 million in the corresponding period in 2025. The decrease was mainly attributable to a further decrease in general administrative costs in Guizhou during the Review Period.

Finance costs

Finance costs during the Review Period were approximately RMB150.9 million, representing a decrease of approximately RMB5.7 million or approximately 3.6%, as compared to that of approximately RMB156.6 million in the corresponding period in 2025, similar to the costs provided in the corresponding period in last year.

Income tax credit/(expense)

Income tax credit for the Review Period amounted to approximately RMB8.9 million, representing income tax credit of approximately RMB8.4 million and deferred tax credit of approximately RMB0.5 million 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 RMB166.5 million, representing a decrease of approximately RMB79.6 million or approximately 32.3%, as compared to that of approximately RMB246.1 million in the corresponding period in 2025.

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 13.4% for the Review Period as compared with 6.3% in the corresponding period in 2025.

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Loss before tax	**(174,942)**	(247,976)
Finance costs	**150,933**	156,626
Depreciation and amortization	**141,153**	155,018
EBITDA	**117,144**	63,668

Liquidity, Financial Resources and Capital Structure

As at 30 June 2026, the Group incurred net current liabilities of approximately RMB8,198.2 million as compared to approximately RMB8,139.9 million as at 31 December 2025.

As at 30 June 2026, the bank and cash balances of the Group amounted to approximately RMB8.4 million (as at 31 December 2025: approximately RMB43.1 million).

As at 30 June 2026, the bank and other borrowings payable within one year of the Group were approximately RMB5,573.6 million (as at 31 December 2025: approximately RMB5,546.1 million), carrying interest at fixed rate of 2.06% to 4.275% per annum.

The gearing ratio (calculated as the aggregate of total bank and other borrowings, senior notes and preferred shares divided by total assets) of the Group as at 30 June 2026 was 62.1% (as at 31 December 2025: 62.0%).

Debt Restructuring

In 2024, China Minsheng Bank Chengdu Branch ("**Minsheng Bank**"), Ping An Bank Chengdu Branch and Ping An Bank Kunming Branch (collectively "**Ping An Bank**") (dominating around 70% of the Company's bank borrowings) disposed their respective debts to a PRC financial institution (the "**PRC Financial Institution**"). Following the debt disposal by Minsheng Bank and Ping An Bank in 2024, the negotiations with the PRC Financial Institution and the onshore remaining lending banks (the "**Remaining PRC Lending Banks**") were restarted in January 2025. Preliminary repayment proposals were delivered to the PRC Financial Institution and the respective Remaining PRC Lending Banks for their internal consideration and approval. The Company proposed a substantial portion of onshore bank borrowings to be extended to a term over one year and within five years and the outstanding interests to be waived. The Company has held several negotiations with the PRC Financial Institution and the Remaining PRC Lending Banks for major commercial terms of the preliminary repayment proposals and provided update financial and operational position of the Company. The proposals are still under their internal review. As at the date of this announcement, no agreement has been reached regarding the repayment proposals. The Company will actively communicate and negotiate with all relevant parties to reach a consensus as soon as possible.

Regarding the shares placement programme (the "**SPP**"), the New USD Senior Notes amounting to USD76,501,000 held by Hidili Scheme Company Limited (the "**Creditor SPV**") as an added measure of protection to the creditors that elected to joint the SPP (the "**SPP Participants**") matured. No sale of the shares held under SPP (the "**SPP Shares**") was completed since the implementation of the SPP on 31 March 2023. The SPP ended up by 31 March 2026. Currently, the Company has communicated with the SPP Participants and relevant professionals for constructive arrangement for the buyback of the SPP Shares and feasible repayment proposals.

Pledge of Assets of the Group

As at 30 June 2026, the Group pledged its property, plant and equipment, bank deposits and bill receivables in an aggregate amount of approximately RMB4,255 million (as at 31 December 2025: approximately RMB4,376 million) to banks for credit facilities.

Employees and remuneration policies

As at 30 June 2026, the Group maintained an aggregate of 6,303 employees as compared with 6,508 employees at 31 December 2025. During the Review Period, the staff costs (including directors' remuneration in the form of salaries and other allowances) was approximately RMB290.9 million (corresponding period in 2025: approximately RMB357.1 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.

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 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 plans for material investment and capital assets.

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 writ of summons (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.

(b) Both of Sichuan Haohang Trading Company Limited ("**Sichuan Haohang**") and Sichuan Hidili received a Notice of Court Action attaching the writ of summons (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 (the "**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. The loan has been fully transferred to an onshore private enterprise by the 2017 Plaintiff and the repayment proposal is currently under negotiation. Currently, the respective loans under Sichuan Haohang and Sichuan Hidili were assigned to a private company established in the PRC.

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 2026, the Group did not have any other material contingent liabilities.

Outlook

Over the years, the Company has made significant efforts and invested substantial capital expenditure in mechanized coal mining, production equipment upgrades, and process optimization. At the same time, the Company has continued to implement budget controls over manufacturing costs and optimize the allocation of coal mine resources. A streamlined mining and production framework has been largely established. And, the expansion of production scale has enabled effective allocation of variable and fixed production costs (including materials, fuel and power, labor costs, and manufacturing overhead). During the Review Period, the unit production cost of raw coal further decreased to approximately RMB264 per tonne, a decrease of approximately 8.0% as compared to that of approximately RMB278 per tonne in the corresponding period in 2025. However, the unit cost of clean coal increased to approximately RMB1,245 per tonne due to relatively high raw coal consumption, representing an increase of approximately 28.6% as compared to that of approximately RMB968 per tonne in the corresponding period in 2025. The Company is currently actively optimizing its production processes to reduce consumption levels. On the other hand, as clean coal market prices rebounded during the Review Period, driven by demand from steel enterprises, the Company's average selling price of clean coal was approximately RMB1,305.2 per tonne, representing an increase of approximately 17.0% as compared to that of approximately RMB1,115.1 per tonne in the corresponding period in 2025. In the second half of 2026, the Company believes it can capitalize on the continued upward price trend, further adjust production costs, and expand profit margins, with the aim of maintaining a healthy overall financial, operational, and trading position.

With regard to debt restructuring, the Company is actively communicating and negotiating repayment plans with relevant onshore banks and financial institutions as well as offshore creditors, in order to accelerate the progress of the debt restructuring process.

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 announcement, the Audit Committee consists of three independent nonexecutive 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 C3 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.

Publication of interim results and interim report

This interim results announcement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (http://www.hidili.com.cn). The interim report of the Company for the six months ended 30 June 2026 will be despatched to shareholders of the Company and published on the aforementioned websites in due course.

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

Hong Kong
31 August 2026

As at the date hereof, the executive Directors are Mr. Xian Fan (Chairman), Mr. Sun Jiankun and Mr. Zhuang Xianwei; the non-executive Director is Ms. Qiao Qian and the independent non-executive Directors are Mr. Chan Shiu Yuen Sammy, Mr. Huang Rongsheng and Ms. Xu Manzhen.