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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: 1393)

**DISCLOSEABLE TRANSACTION
FORMATION OF A JOINT VENTURE FOR ACQUISITION
OF COAL MINES
AND
CONNECTED TRANSACTIONS**

FORMATION OF A JOINT VENTURE AND DISCLOSEABLE TRANSACTION

On 25 September 2009, Sichuan Hidili, a wholly-owned subsidiary of the Company, entered into the Capital Contribution Agreement with CITIC Trust and Shenzhen Hengxin, an indirect wholly-owned subsidiary of the Company prior to the Capital Contribution, pursuant to which the parties agreed to reorganise Shenzhen Hengxin into a joint venture company and increase the registered capital of Shenzhen Hengxin from RMB100 million (which was fully paid up by Sichuan Hidili) to RMB270 million by introducing new capital contribution in the sum of RMB500 million (approximately HK\$567.3 million) from CITIC Trust and further capital contribution in the sum of RMB400 million (approximately HK\$453.8 million) from Sichuan Hidili. The remaining RMB730 million of the capital contribution will be placed into the reserve fund of Shenzhen Hengxin. Upon completion of the Capital Contribution, Sichuan Hidili and CITIC Trust will respectively own 51% and 49% of Shenzhen Hengxin. The Joint Venture is formed for acquiring coal mines in Pan county, Guizhou Province and Fuyuan county, Yunnan Province. Such amount of capital contribution was arrived at by the parties after considering the total acquisition cost required for acquiring those coal mines, which is estimated to be RMB2,000 million. The total acquisition cost of RMB2,000 million will be financed by the registered capital and reserve fund of Shenzhen Hengxin of RMB1,000 million upon completion of the Capital Contribution and the banking facilities of RMB1,000 million obtained by Shenzhen Hengxin from China Construction Bank for a term of 5 years on 28 August 2009. As at the date of this announcement, the Group has not yet entered into any agreement for such acquisition. To the extent that any such acquisition constitutes notifiable transaction for the Company, the Company will comply with the relevant disclosure requirements under Chapter 14 and/or Chapter 14A of the Listing Rules.

The Capital Contribution in Shenzhen Hengxin by Sichuan Hidili constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules on the basis that the calculations of the relevant percentage ratios are within the range of 5% and 25%.

CONNECTED TRANSACTIONS

On 25 September 2009, Sichuan Hidili entered into the Equity Repurchase Agreement with CITIC Trust to repurchase CITIC Trust's 49% equity interest in Shenzhen Hengxin by the end of the Shareholding Period. The consideration for the Repurchase is determined by the actual total amount of capital contribution made by CITIC Trust pursuant to the Capital Contribution Agreement plus a premium of 9% per annum on that amount.

On 25 September 2009, for the purpose of securing the payment of the consideration payable under the Equity Repurchase Agreement, Liupanshui Hidili, an indirect wholly-owned subsidiary of the Company as pledgor, entered into the Mining Right Pledge Agreement with CITIC Trust as pledgee in relation to the granting of security over Liupanshui Hidili's mining rights in Xinda Coal Mine and Sichuan Hidili as pledgor entered into the Equity Pledge Agreement with CITIC Trust as pledgee in relation to the granting of security over Sichuan Hidili's 51% equity interest in Shenzhen Hengxin.

Upon completion of the Capital Contribution, CITIC Trust will become a connected person of the Company because it is a substantial shareholder of Shenzhen Hengxin, which is and will continue to be treated as a subsidiary of the Company before and after the completion of the Capital Contribution. The transactions contemplated under the Equity Repurchase Agreement, Mining Right Pledge Agreement and Equity Pledge Agreement will therefore constitute connected transactions of the Company, which are subject to the requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios will exceed 2.5% and the consideration for the Repurchase is over HK\$10,000,000, the transaction contemplated under the Equity Repurchase Agreement constitutes non-exempt connected transaction of the Company, which is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and the Independent Shareholders' approval requirements under Rules 14A.48 to 14A.54 of the Listing Rules at the Company's general meeting. The Equity Pledge Agreement and the Mining Right Pledge Agreement with CITIC Trust are a security arrangement for securing the payment of the consideration payable by Sichuan Hidili under the Equity Repurchase Agreement. As the applicable percentage ratios will exceed 2.5% and the value of the assets under the Equity Pledge Agreement and the Mining Right Pledge Agreement is over HK\$10,000,000, the transactions contemplated under the Equity Pledge Agreement and the Mining Right Pledge Agreement constitute non-exempt connected transactions of the Company, which are subject to the reporting and announcement requirements under Rules 14A.63 of the Listing Rules and the Independent Shareholders' approval requirements under Rules 14A.48 to 14A.54 of the Listing Rules at the Company's general meeting. As no Shareholder has material interests in the Connected Transactions, no Shareholder is required to abstain from voting on the proposed resolution in respect of the Connected Transactions.

The Independent Board Committee, comprising all the independent non-executive Directors, will be established to consider and advise the Independent Shareholders as to whether the terms of the Equity Repurchase Agreement, the Mining Right Pledge Agreement and the Equity Pledge Agreement are fair and reasonable and whether the Connected Transactions are in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

A written shareholder's approval has already been obtained from Sanlian Investment Holding Limited which holds 1,097,631,000 Shares (representing approximately 53.3% of the existing issued share capital of the Company) for the entering into of the Connected Transactions. Such 53.3% shareholding interest represents the deemed shareholding interest of Mr. Xian Yang, the Chairman of the Board, who has no interest in such transactions (other than in the capacity as a Shareholder). Pursuant to Rule 14A.43 of the Listing Rules, the Company has made an application to the Stock Exchange applying for a waiver from the requirement to hold a Shareholders' meeting to approve the Connected Transactions, on the basis that Sanlian Investment Holding Limited is not required to abstain from voting if a Shareholders' meeting were convened to approve such transactions, and that written approval of the entering into of the Connected Transactions has already been obtained from Sanlian Investment Holding Limited, which holds more than 50% in nominal value of the Shares giving the right to attend and vote at the shareholders' meeting to approve such transaction.

A circular containing, among other information, further details of the Capital Contribution Agreement and the Connected Transactions and other relevant information will be dispatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

FORMATION OF A JOINT VENTURE AND DISCLOSEABLE TRANSACTION

The Board announces that on 25 September 2009, Sichuan Hidili, a wholly-owned subsidiary of the Company, entered into the Capital Contribution Agreement with CITIC Trust and Shenzhen Hengxin, an indirect wholly-owned subsidiary of the Company prior to the Capital Contribution, pursuant to which the parties agreed to reorganise Shenzhen Hengxin into a joint venture company and increase the registered capital of Shenzhen Hengxin from RMB100 million (which was fully paid up by Sichuan Hidili) to RMB270 million by introducing new capital contribution from CITIC Trust and further capital contribution from Sichuan Hidili.

Capital Contribution Agreement

Date: 25 September 2009

Parties:

- (1) Sichuan Hidili
- (2) CITIC Trust
- (3) Shenzhen Hengxin

Capital Contribution

Pursuant to the Capital Contribution Agreement, Sichuan Hidili agreed to make a further capital contribution of RMB400 million to Shenzhen Hengxin, so that the total capital contribution made by Sichuan Hidili amounts to RMB500 million, RMB137.7 million of which is allocated as registered capital (representing 51% of the registered capital of Shenzhen Hengxin after the Capital Contribution) and the remaining amount of RMB362.3 million will be placed into the reserve fund of Shenzhen Hengxin. CITIC Trust agreed to invest into Shenzhen Hengxin by making a capital contribution in the sum of RMB500 million (approximately HK\$567.3 million), RMB132.3 million of which will be contributed as registered capital (representing 49% of the registered capital of Shenzhen Hengxin after the Capital Contribution) and the remaining amount of RMB367.7 million will be placed into the reserve fund of Shenzhen Hengxin. Such amount of capital contribution was arrived at by the parties after considering the total acquisition cost required for acquiring coal mines in Pan county, Guizhou Province and Fuyuan county, Yunnan Province, which is estimated to be RMB2,000 million. The Company will finance its capital contribution of RMB400 million through internal resources. CITIC Trust will finance its capital contribution of RMB500 million through the issue of trust fund to the public and inject in the form of registered capital.

For the purposes of acquiring the coal mines in Pan county, Guizhou Province and Fuyuan county, Yunnan Province, on 28 August 2009, Shenzhen Hengxin has obtained banking facilities of RMB1,000 million from China Construction Bank for a term of 5 years and the Group has entered into various contracts with China Construction Bank to guarantee the provision of such banking facilities.

As at the date of this announcement, the Group has not yet entered into any agreement for acquiring the coal mines in Pan county, Guizhou Province and Fuyuan county, Yunnan Province. To the extent that any such acquisition constitutes notifiable transaction for the Company, the Company will comply with the relevant disclosure requirements under Chapter 14 and/or Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CITIC Trust and the ultimate beneficial owner of CITIC Trust are third parties independent of the Company and connected persons of the Company.

The increase of the registered capital of Shenzhen Hengxin contemplated under the Capital Contribution Agreement are as follows:-

	Registered capital <i>RMB million</i>	Reserve fund <i>RMB million</i>	Total contribution <i>RMB million</i>
Upon incorporation			
Registered capital paid up by Sichuan Hidili	100.0	—	100.0
Upon the First Contribution			
Sichuan Hidili First Injection	12.2	137.8	150.0
CITIC Trust First Injection	107.8	142.2	250.0
	120.0	280.0	400.0
Upon the Second Contribution			
Sichuan Hidili Second Injection	25.5	224.5	250.0
CITIC Trust Second Injection	24.5	225.5	250.0
	50.0	450.0	500.0
Upon completion of the Capital Contribution			
Sichuan Hidili	137.7	362.3	500.0
CITIC Trust	132.3	367.7	500.0
	270.0	730.0	1,000.0

The Capital Contribution will be contributed in two installments:

- (1) After the signing of the Capital Contribution Agreement, Sichuan Hidili is entitled to make the Sichuan Hidili First Injection. Upon completion of Sichuan Hidili First Injection, CITIC Trust agreed to make the CITIC Trust First Injection. Upon the First Contribution, the registered capital of Shenzhen Hengxin will be increased to RMB220 million, among which 51% was contributed by Sichuan Hidili and 49% was contributed by CITIC Trust. Sichuan Hidili First Injection is expected to be completed by the end of October 2009.

- (2) If the First Contribution is completed within 24 months of the date of the Capital Contribution Agreement, Sichuan Hidili is entitled to make the Sichuan Hidili Second Injection. Upon completion of Sichuan Hidili Second Injection, CITIC Trust agreed to make the CITIC Trust Second Injection.

Upon completion of the Capital Contribution:

- (1) Shenzhen Hengxin will be owned as to 51% by Sichuan Hidili and 49% by CITIC Trust; and
- (2) the board of directors of Shenzhen Hengxin will comprise 5 directors, 3 of which will be nominated by Sichuan Hidili and 2 of which will be nominated by CITIC Trust. CITIC Trust is not entitled to Shenzhen Hengxin's profit distribution and will not involve in the daily operation of Shenzhen Hengxin.

INFORMATION OF THE GROUP AND THE JOINT VENTURE PARTIES

The Group

The Company was incorporated in the Cayman Islands and registered as an exempted company with limited liability on 1 September 2006 and has been listed on the Stock Exchange since 21 September 2007.

The Group is one of the largest integrated coal enterprises in South West China and is principally engaged in coal mining and processing and sales of clean coal, coke, alloy pig iron and related by-products.

Sichuan Hidili

Sichuan Hidili is a limited liability company established in the PRC and is wholly-owned subsidiary of the Company. Its principal activities are coal mining and investment holding.

Shenzhen Hengxin

Shenzhen Hengxin is a limited liability company established in the PRC in April 2009 and was then wholly owned by Sichuan Hidili with a registered capital of RMB100 million. Shenzhen Hengxin is formed for acquiring coal mines in Pan county, Guizhou Province and Fuyuan county, Yunnan Province. Its principal activities are coal mining and investment holding.

As at the date of this announcement and prior to the Capital Contribution, Shenzhen Hengxin has not yet commenced business and has no assets other than the registered capital of RMB100 million, which was fully paid up by Sichuan Hidili. As at 31 August 2009 and prior to the drawdown of the banking facilities with China Construction Bank, Shenzhen Hengxin has no liabilities.

CITIC Trust

CITIC Trust is a limited liability company established in the PRC. Its principal business activity is investment holding. CITIC Trust and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

CONNECTED TRANSACTIONS

Equity Repurchase Agreement

Date: 25 September 2009

Parties:

- (1) Sichuan Hidili
- (2) CITIC Trust

Repurchase

On 25 September 2009, Sichuan Hidili entered into the Equity Repurchase Agreement with CITIC Trust, pursuant to which Sichuan Hidili will repurchase, subject to completion of the Capital Contribution, CITIC Trust's 49% equity interest in Shenzhen Hengxin from CITIC Trust by the end of the Shareholding Period. The consideration for the Repurchase is determined by the actual total amount of capital contribution made by CITIC Trust pursuant to the Capital Contribution Agreement plus a premium of 9% per annum on that amount. The 9% premium is payable by Sichuan Hidili to CITIC Trust every six month from the First Contribution. The remaining amount of the consideration will be settled by Sichuan Hidili to CITIC Trust by the end of the Shareholding Period.

The 9% premium was determined after arm's length negotiation between Sichuan Hidili and CITIC Trust with reference to the borrowing costs in the open financing market.

Mining Right Pledge Agreement

Date: 25 September 2009

Parties:

(1) Liupanshui Hidili as pledgor

(2) CITIC Trust as pledgee

Equity Pledge Agreement

Date: 25 September 2009

Parties:

(1) Sichuan Hidili as pledgor

(2) CITIC Trust as pledgee

On 25 September 2009, for the purpose of securing the payment of the consideration payable under the Equity Repurchase Agreement, Liupanshui Hidili as pledgor entered into the Mining Right Pledge Agreement with CITIC Trust as pledgee in relation to the granting of security over Liupanshui Hidili's mining rights in Xinda Coal Mine and Sichuan Hidili as pledgor entered into the Equity Pledge Agreement with CITIC Trust as pledgee in relation to the granting of security over Sichuan Hidili's 51% equity interest in Shenzhen Hengxin.

As at 31 August 2009, the book value of Xinda Coal Mine was approximately RMB196 million (net of amortization).

As at 31 August 2009, the book value of Sichuan Hidili's equity holding in Shenzhen Hengxin was RMB100 million, representing the entire 100% equity holding immediately before the Capital Contribution. Upon completion of the Capital Contribution, Sichuan Hidili's would have made a capital contribution of RMB500 million to Shenzhen Hengxin.

INFORMATION OF LIUPANSHUI HIDILI

Liupanshui Hidili is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Its principal activities are coal mining and investment holding.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE AND CONNECTED TRANSACTIONS

The mining resource consolidation program of small to medium coal mines imposed by the government offered the Company opportunities to selectively acquire quality resources of coking coal in Yunnan Province and Guizhou Province. Also, the economic depression provides the Company access to attain working capital and project funding at low financing cost for its expansion. The Directors believe that it would be in the Group's interests to acquire coal mines with relatively low cost. Besides, the Directors consider that the terms of the Equity Repurchase Agreement, the Mining Right Pledge Agreement and the Equity Pledge Agreement are determined on normal commercial terms with reference to the appropriation of funding in the open financial market.

In conclusion, the Directors believe that the terms and conditions of the Capital Contribution Agreement and the Connected Transactions are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Capital Contribution Agreement

The subscription of the registered capital in Shenzhen Hengxin by Sichuan Hidili under the Capital Contribution Agreement constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules on the basis that the calculations of the relevant percentage ratios are within the range of 5% and 25%.

The Connected Transactions

Upon the formation of the Joint Venture, CITIC Trust will become a connected person of the Company because it is a substantial shareholder of Shenzhen Hengxin, which is and will continue to be treated as a subsidiary of the Company before and after the completion of the Capital Contribution. The transactions contemplated under the Equity Repurchase Agreement, Mining Right Pledge Agreement and Equity Pledge Agreement will therefore constitute connected transactions of the Company, which are subject to the requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios will exceed 2.5% and the consideration for the Repurchase is over HK\$10,000,000, the transaction contemplated under the Equity Repurchase Agreement constitutes non-exempt connected transaction of the Company, which is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and the Independent Shareholders' approval requirements under Rules 14A.48 to 14A.54 of the Listing Rules at the Company's general meeting. The Equity Pledge Agreement and the Mining Right Pledge Agreement with CITIC Trust are a security arrangement for securing the payment of the consideration payable by Sichuan Hidili. As the applicable percentage ratios will exceed 2.5% and the value of the assets under the Equity Pledge Agreement and the Mining Right Pledge Agreement is over HK\$10,000,000, the transactions contemplated under the Equity Pledge Agreement and the Mining Right Pledge Agreement constitute non-exempt connected transactions of the Company, which are subject to the reporting and announcement requirements under Rules 14A.63 of the Listing Rules and the Independent Shareholders' approval requirements under Rules 14A.48 to 14A.54 of the Listing Rules at the Company's general meeting. As no Shareholder has material interests in the Connected Transactions, no Shareholder is required to abstain from voting on the proposed resolution in respect of the Connected Transactions.

The Independent Board Committee, comprising all the independent non-executive Directors, will be established to consider and advise the Independent Shareholders as to whether the terms of the Equity Repurchase Agreement, the Mining Right Pledge Agreement and the Equity Pledge Agreement are fair and reasonable and whether the Connected Transactions are in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

A written shareholder's approval has already been obtained from Sanlian Investment Holding Limited which holds 1,097,631,000 Shares (representing approximately 53.3% of the existing issued share capital of the Company) for the entering into of the Connected Transactions. Such 53.3% shareholding interest represents the deemed shareholding interest of Mr. Xian Yang, the Chairman of the Board, who has no interest in such transactions (other than in the capacity as a Shareholder). Pursuant to Rule 14A.43 of the Listing Rules, the Company has made an application to the Stock Exchange applying for a waiver from the requirement to hold a Shareholders' meeting to approve the Connected Transactions, on the basis that Sanlian Investment Holding Limited is not required to abstain from voting if a Shareholders' meeting were convened to approve such transactions, and that written approval of the entering into of the Connected Transactions has already been obtained from Sanlian Investment Holding Limited, which holds more than 50% in nominal value of the Shares giving the right to attend and vote at the Shareholders' meeting to approve such transaction.

A circular containing, among other information, further details of the Capital Contribution Agreement and the Connected Transactions and other relevant information will be dispatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Capital Contribution”	the increase of the registered capital of Shenzhen Hengxin from RMB100 million to RMB270 million pursuant to the Capital Contribution Agreement
“Capital Contribution Agreement”	the agreement dated 25 September 2009 entered into between Sichuan Hidili, CITIC Trust and Shenzhen Hengxin in relation to the increase of the registered capital of Shenzhen Hengxin from RMB100 million to RMB270 million

“CITIC Trust”	中信信託有限責任公司 (CITIC Trust Company Limited*), a limited liability company established in the PRC
“CITIC Trust First Injection”	the first injection in the sum of RMB250 million made by CITIC Trust to subscribe RMB107.8 million of the registered capital of Shenzhen Hengxin pursuant to the Capital Contribution Agreement
“CITIC Trust Second Injection”	the second injection in the sum of RMB250 million made by CITIC Trust to subscribe RMB24.5 million of the registered capital of Shenzhen Hengxin pursuant to the Capital Contribution Agreement
“Company”	Hidili Industry International Development Limited 恒鼎實業國際發展有限公司, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Connected Transactions”	the transactions contemplated under the Equity Repurchase Agreement, Mining Right Pledge Agreement and Equity Pledge Agreement
“Director(s)”	director(s) of the Company
“Equity Pledge Agreement”	the agreement dated 25 September 2009 entered into between Sichuan Hidili as pledgor and CITIC Trust as pledgee in relation to the granting of security over CITIC Trust’s 51% equity interests in Shenzhen Hengxin
“Equity Repurchase Agreement”	the agreement dated 25 September 2009 entered into between Sichuan Hidili and CITIC Trust in relation to the repurchase of CITIC Trust’s 49% equity interest in Shenzhen Hengxin by Sichuan Hidili

“First Contribution”	completion of both Sichuan Hidili First Injection and CITIC Trust First Injection pursuant to the Capital Contribution Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Connected Transactions contemplated thereunder
“Independent Shareholders”	Shareholders who have no interest in the Connected Transactions
“Joint Venture”	Shenzhen Hengxin after the completion of the Capital Contribution by Sichuan Hidili and CITIC Trust pursuant to the Capital Contribution Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Liupanshui Hidili”	六盤水恒鼎實業有限公司 (Liupanshui Hidili Industry Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Mining Right Pledge Agreement”	the agreement dated 25 September 2009 entered into between Liupanshui Hidili as pledgor and CITIC Trust as pledgee in relation to the granting of security over Liupanshui Hidili’s mining right of Xinda Coal Mine
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Repurchase”	the repurchase of 49% equity interests of Shenzhen Hengxin pursuant to the Equity Repurchase Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Second Contribution”	completion of both Sichuan Hidili Second Injection and CITIC Trust Second Injection pursuant to the Capital Contribution Agreement
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholding Period”	the twelve months period of holding of 49% equity interest by CITIC Trust from the First Contribution pursuant to the Capital Contribution Agreement
“Shenzhen Hengxin”	深圳市恒信鼎立商貿有限公司 (Shenzhen Hengxin Dingli Commercial Trading Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company before the Capital Contribution
“Sichuan Hidili”	四川恒鼎實業有限公司 (Sichuan Hidili Industry Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Sichuan Hidili First Injection”	the first injection in the sum of RMB150 million made by Sichuan Hidili to subscribe RMB12.2 million of the registered capital of Shenzhen Hengxin pursuant to the Capital Contribution Agreement
“Sichuan Hidili Second Injection”	the second injection in the sum of RMB250 million made by Sichuan Hidili to subscribe RMB25.5 million of the registered capital of Shenzhen Hengxin pursuant to the Capital Contribution Agreement

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Xinda Coal Mine”

興達煤礦 (Xinda Coal Mine*)

“%”

per cent.

In this announcement, for purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB\$1.00 to HK\$1.1346. Such exchange rate has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong

25 September 2009

As at the date hereof, the Board comprises Mr. Xian Yang (Chairman), Mr. Sun Jiankun and Mr. Wang Rong as the executive Directors and Mr. Chan Chi Hing and Mr. Huang Rongsheng as the independent non-executive Directors.

* For identification purpose only