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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: 01393)

VOLUNTARY ANNOUNCEMENT
MINES ACQUIRED BY THE COMPANY
AND
BUSINESS INFORMATION UPDATE

The Board is pleased to announce that since the Company's initial public offering of the Shares pursuant to the Company's prospectus dated September 10, 2007 and the listing of its Shares on the Hong Kong Stock Exchange (the "IPO"), the Company has acquired 23 additional coal mines in the PRC.

This is a voluntary announcement made by the Company to apprise the Shareholders and the public of the coal mines assets acquired by the Company since the IPO and the estimated reserves of each of such acquired mines, as well as certain business information on the Company.

In line with the Company's business strategies of achieving rapid and sustainable growth primarily through acquisitions of coal resources and maintaining its position as a leading non-State-owned coking coal producer in Southwest China, since the IPO the Company has acquired 23 additional coal mines located in Guizhou and Yunnan provinces of the PRC. 15 of these mines are located in Liupanshui, Guizhou province, which is in an area that ranks third in terms of coking coal resources in China, and the remaining 8 mines are located in Fuyuan, Yunnan province. These are both areas in which the Company has been focusing its growth. The 15 coal mines in Liupanshui were acquired using proceeds from the Company's IPO. The 8 coal mines in Fuyuan were acquired using general working capital of the Company. For the avoidance of doubt, the Company typically treats the date on which the agreement to acquire the mine is signed as the date of acquisition for each mine. Transition of control of each target mine typically takes place over a period of several months following the signing of the relevant acquisition agreement. Transfer of legal title for these mines to the Company can take anywhere from a few months to a year or possibly longer.

As of December 16, 2009, the Company has an aggregate of 42 coal mines. Given the Company's current development plans and production capacity, the Company's current reserves and resources imply an average mine life of approximately 50 years.

INFORMATION ON THE ACQUIRED MINES

1. Mines Acquired since IPO through April 2008

In the period since the Company's IPO through April 2008, the Company acquired 10 mines, all of which are located in the Liupanshui region, Guizhou province. These mines were acquired on separate occasions from independent third parties. These mines are: Dechang Coal Mine, Diemaogou Coal Mine, Dongguaao Coal Mine, Hongxing Coal Mine, Jichanghe Coal Mine, Jinhe Coal Mine, Shunyuan Coal Mine, Xileqing Coal Mine, Xingda Coal Mine and Yuqibuhei Coal Mine. The Company engaged BDB, an independent mining consultant, to compile a JORC compliant report on these mines. The BDB Report is dated July 22, 2008. BDB visited each of the coal mining properties covered in its report, conducted technical analyses of the project geology of each mine, coal resources and coal reserve estimates, and reviewed the mining, production, cost, environment, occupational health and safety aspects of the operations at each of the 10 mines. According to the BDB Report, these mines collectively have an estimated total reserve of approximately 250.1 million tonnes, ranging from an estimated 4.9 million tonnes of reserves at Yuqibuhei Coal Mine to an estimated 37.4 million tonnes of reserves at Xingda Coal Mine. The table below is a summary of certain information relating to each of these 10 mines.

Name of Mine ⁽¹⁾	Dechang	Diemaogou	Dongguaao	Hongxing	Jichanghe	Jinhe	Shunyuan	Xileqing	Xingda	Yuqibuhei
Location ⁽¹⁾	Middle of Pan County, approx. 15km northeast of the county seat, Hongguo	Northwestern portion of Pan County, approx. 74km north of Hongguo	Northwestern portion of Pan County, approx. 74km north of Hongguo	Southwestern portion of Pan County, approx. 30km southeast of Hongguo	Northwestern portion of Pan County, approx. 63km north of Hongguo	Northwestern portion of Pan County, approx. 61km north of Hongguo	Middle of Pan County, approx. 18km northeast of Hongguo	Southwestern portion of Pan County, approx. 58km southeast of Hongguo	North-central portion of Pan County, approx. 45km north of Hongguo	Northeastern portion of Pan County, approx. 86km northeast of Hongguo
Type(s) of Coal ⁽²⁾	prime coking coal	1/3 coking coal	1/3 coking coal	fat coal, prime coking coal	1/3 coking coal	1/3 coking coal	prime coking coal	fat coal, prime coking coal	prime coking coal	prime coking coal
Mining method ⁽²⁾	Underground mining	Underground mining	Underground mining	Underground mining	Underground mining	Underground mining	Underground mining	Underground mining	Underground mining	Underground mining
Reserve (thousand tonnes) – Proven ⁽¹⁾	250	0	240	1,190	30	230	0	310	280	100
– Probable ⁽¹⁾	30,440	13,220	22,480	32,450	33,340	20,420	26,060	27,130	37,100	4,780
Resource (thousand tonnes) – Measured ⁽¹⁾	240	0	220	1,110	30	220	0	290	260	90
– Indicated ⁽¹⁾	28,650	11,970	20,700	30,430	29,820	19,560	23,960	25,440	34,390	4,700
– Inferred ⁽¹⁾	4,240	3,770	5,950	4,670	7,480	9,330	1,500	4,410	2,000	320
Approximate planned production capacity (thousands tonnes per annum)	450 ⁽²⁾	150 ⁽¹⁾	600 ⁽²⁾	600 ⁽²⁾	450 ⁽²⁾	600 ⁽¹⁾	450 ⁽¹⁾	600 ⁽¹⁾	450 ⁽¹⁾	210 ⁽²⁾
Approximate date for commencement of commercial production ⁽²⁾⁽³⁾	Mar 2011	Jul 2010	Jun 2011	Sep 2010	Dec 2009	Dec 2011	Jul 2011	Oct 2010	Jun 2011	Not yet available
Approximate date to achieve full capacity ⁽²⁾⁽³⁾	Dec 2011	Jul 2011	Jun 2012	Sep 2011	Dec 2012	Dec 2013	Jul 2012	Jun 2012	Jun 2012	Not yet available

Notes:

⁽¹⁾ This information is as of March 31, 2008 and is extracted from the BDB Report.

⁽²⁾ This information is provided by the Company and has not been reviewed by an independent technical expert.

⁽³⁾ The Company is compiling new production plans for some of the mines due to newly found geographic characteristics in these mines. As such, the approximate date for commencement of commercial production and approximate date to achieve full capacity for some of these mines are not yet available.

2. Mines Acquired since May 2008 through December 2009

Since May 2008, the Company has acquired 13 additional mines. Of the 13 mines, 5 are located in Liupanshui, Guizhou province and the other 8 are located in Fuyuan, Yunnan province. These mines were acquired on separate occasions from independent third parties. These mines are: Xiangxing Coal Mine, Yangchang Coal Mine, Gongjiaotian Coal Mine, Yunidahe Coal Mine, Yunjinhe Coal Mine, Qingping Coal Mine, Yunxiang Coal Mine, Yanhe Coal Mine, Xingjian Coal Mine, Jianglang Coal Mine, Xiangda Coal Mine, Zude Coal Mine and Hexing Coal Mine.

No JORC compliant mining report was commissioned for the 13 mines acquired since May 2008, but the Company had conducted due diligence on each of the mines prior to the Company's decision to acquire them. Below is a summary of some of the information relating to each of these 13 mines. Please note that the information set forth below has been prepared by the Company after completion of certain field work including mining surveys and the calculations by the Company's own engineers in accordance with the PRC Resources/Reserves Classification System and has not been reviewed by any independent technical expert. Such information is subject to review by BDB and may be revised following the completion of such review at a future date. Should there be any material revisions to the data below, the Company will publish a further announcement:

Name of Mine	Xiangxing	Yangchang	Gongjiaotian	Yunidahe	Yunjinhe	Qingping	Yunxiang	Yanhe	Xingjian	Jianglang	Xiangda	Zude	Hexing
Location	Xichong Town Pan County	Yangchang Town Pan County	Minzhu Town Pan County	Yuni Town Pan County	Yuni Town Pan County	Dahe Town Fuyuan County	Dahe Town Fuyuan County	Mohong Town Fuyuan County	Mohong Town Fuyuan County	Mohong Town Fuyuan County	Dahe Town Fuyuan County	Fucun Town Fuyuan County	Mohong Town Fuyuan County
Type(s) of Coal	prime coking coal	prime coking coal	fat coal, prime coking coal	prime coking coal	prime coking coal	prime coking coal	prime coking coal	prime coking coal	1/3 coking coal	1/3 coking coal	prime coking coal	fat coal, prime coking coal	prime coking coal
Mining method	Underground mining	Underground mining	Underground mining	Underground mining	Underground mining	Underground mining	Underground mining	Underground mining	Underground mining	Underground mining	Underground mining	Underground mining	Underground mining
Approximate planned production capacity (thousands tonnes per annum)	600	900	300	750	600	600	450	600	450	450	600	600	900
Approximate date for commencement of commercial production ⁽¹⁾	Dec 2011	Dec 2012	May 2011	Apr 2012	Not yet available	Oct 2011	Jun 2012	Aug 2011	Jan 2010	Mar 2011	Not yet available	Not yet available	Not yet available
Approximate date to achieve full capacity ⁽¹⁾	Dec 2012	Dec 2013	May 2012	Apr 2013	Not yet available	Jan 2012	Jan 2013	Aug 2011	Jan 2011	Jun 2012	Not yet available	Not yet available	Not yet available

Note:

⁽¹⁾ The Company is compiling new production plans for some of the mines due to newly found geographic characteristics in these mines. As such, the approximate date for commencement of commercial production and approximate date to achieve full capacity for some of these mines are not yet available.

INFORMATION ON THE COAL MINES OF THE COMPANY

Since IPO, the Company has adjusted the approximate planned production capacity for the 5 mines it has held in Liupanshui since before the IPO; such adjustments were based on information the Company has newly obtained relating to these mines. Below please find updated information with respect to these 5 Liupanshui mines owned by the Company.

Name of Mine	Gushuzhai	Tianyuan	Ludi	Yiqi	Ciaozi
Location	Yangchang Town Pan County	Leming Town Pan County	Leming Town Pan County	Jichangping Village Pan County	Xichong Town Shengjiacun Village
Type(s) of Coal	prime coking coal	fat coal, prime coking coal	fat coal, prime coking coal	prime coking coal	prime coking coal
Approximate planned production capacity (thousands tonnes per annum) ⁽¹⁾	450	150	Not yet available	300	450
Approximate date for commencement of commercial production ⁽¹⁾	Dec 2009	Commenced commercial production in Jun 2009	Not yet available	Commenced commercial production in Jun 2009	Sep 2010
Approximate date to achieve full capacity ⁽¹⁾	Dec 2012	Not yet available	Not yet available	Dec 2010	Jun 2013

Note:

- (1) The Company is compiling new production plans for some of the mines due to newly found geographic characteristics in these mines. As such, the approximate planned production capacity, approximate time for commencement of commercial production and the approximate date to achieve full capacity for some of these mines are not yet available.

Below is a summary of the Company's raw coal production according to geographical location:

Mines	Raw coal production volume (thousands tonnes)					
	2006	%	2007	%	2008	%
Panzhuhua, Sichuan province	2,180	100.0	2,210	97.1	1,787	63.9
Liupanshui, Guizhou province	–	–	65	2.9	1,011	36.1
Fuyuan, Yunnan province ⁽¹⁾	–	–	–	–	–	–

Note:

- (1) The Company acquired all of its Fuyuan mines in 2009; therefore no production information is available from the Fuyuan mines for the years set forth in this chart.

BUSINESS INFORMATION UPDATE ON THE COMPANY

The Company currently owns 8 coal washing plants at various locations close to its coal mines; 2 are located in Fuyuan, Yunnan province and were acquired in 2009. Each of the coal washing plants in Fuyuan has raw coal processing capacity of 450,000 tonnes per annum.

The Company currently owns a logistics company in Panzhihua and is a significant equity holder in 2 logistics companies in Liupanshui, providing priority access to road and rail transportation facilities and flexibility in the planning of the Company's shipping schedules. As part of the Company's business strategy, it is actively pursuing similar investments in other geographic locations close to the rest of its mines, so as to ensure that all of the Company's mines will have similar advantageous access to transportation.

The Guizhou provincial government commenced a mining resource consolidation program in September 2005. This program is intended to encourage consolidation of small mines into larger mining enterprises in order to achieve economies of scale and to close down mines which were not economically efficient or environmentally friendly or were exposed to safety hazards. In April 2009, the Guizhou provincial government published a notice re-affirming its commitment to support the consolidation of large-scale mines (defined as those with production volumes exceeding 300,000 tonnes per annum) and the further consolidation of existing smaller mines. The notice stated that the government will continue to support mine consolidation based on principles of market efficiency with the goal of improving the overall structure and quality of the coal mining industry. Similar programs and policies have been announced by the Yunnan provincial government since September 2004. Such programs and policies continue to assist the Company in achieving desired acquisition goals and consolidating operations in South West China. The Company's strong capital position, industry experience, technological resources and management team have all helped make it a receiver of local government support in the acquisition of mines in various geographic locations, including Sichuan, Guizhou and Yunnan provinces.

Please also refer to the Company's announcement dated December 4, 2009 for information on the acquisition of the Zude Coal Mine and certain proposed transactions that the Company may enter into in the future.

Certain permits relating to the operations of some of the Company's coal mines have expired; the Company is in the process of renewing those permits. Permits for some recently acquired coal mines of the Company are still under the names of their previous owners, and the Company has applied to the relevant government authorities for the transfer of the permits relating to the operations of those mines to the Company.

VOLUNTARY ANNOUNCEMENT

The Company confirms that it has acquired 23 mines after the date of its prospectus dated September 10, 2007 in its ordinary and usual course of business on normal commercial terms from independent third parties, and that none of these acquisitions would have, at the time of each of the respective acquisitions, constituted a notifiable or connected transaction of the Company under the Listing Rules.

This is a voluntary announcement made by the Company to apprise the Shareholders and the public of the coal mines assets acquired by the Company since the IPO and the estimated reserves of each of such acquired mines, as well as certain business information on the Company.

DEFINITIONS

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

“BDB”	Behre Dolbear Asia, Inc., an independent minerals industry consultant
“BDB Report”	an independent technical report published by BDB dated July 22, 2008
“Board”	the board of Directors
“Company”	Hidili Industry International Development Limited, a company incorporated in the Cayman Islands with limited liability, and the ordinary shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“JORC”	the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company

“Shareholder(s)” the holder(s) of the Shares

“%” per cent.

By order of the Board
Hidili Industry International Development Limited
XIAN Yang
Chairman

Hong Kong, December 16, 2009

As at the date of this announcement, the executive directors of the Company are Mr. XIAN Yang (Chairman), Mr. SUN Jiankun and Mr. WANG Rong; and the independent non-executive directors of the Company are Mr. CHAN Chi Hing, Mr. CHEN Limin and Mr. HUANG Rongsheng.