

Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**MAJOR TRANSACTIONS IN RELATION
TO THE CAPITAL INJECTIONS BY HUANENG TRUST
TO CERTAIN SUBSIDIARIES OF THE COMPANY
AND SHARE TRANSFERS
AND
DISCLOSEABLE TRANSACTION IN RELATION
TO SHARE PLEDGE
AND
CONTINUING CONNECTED TRANSACTIONS**

THE CAPITAL INJECTIONS

On 28 August 2012, the Target Subsidiaries, Immediate Shareholders and Huaneng Trust entered into eight capital injection agreements (collectively, the “Capital Injection Agreements”). Pursuant to the Capital Injection Agreements, Huaneng Trust has agreed to inject an aggregate of RMB1,500 million (approximately HK\$1,829 million) as share capital in cash to the respective Target Subsidiaries for equity interest ranging from 34% to 41%.

THE SHARE TRANSFERS

On the same date, the Target Subsidiaries, Hidili China and Huaneng Trust entered into eight share transfer agreements (collectively, the “Share Transfer Agreements”). Pursuant to the Share Transfer Agreements, Hidili China has agreed to buy back all the Target Equity Interest of Huaneng Trust under the Capital Injection Agreements at the end of the Preference Investment Period by cash. Throughout the Preference Investment Period, Hidili China has further agreed to pay Huaneng Trust a total premium at (i) 1.8% of the Injection Money on the Injection Date, (ii) 9% per annum of the Injection Money during the first year from the Injection Date and (iii) 10.8% per annum of the Injection Money during the second year from the Injection Date.

THE SHARE PLEDGE

On 28 August 2012, certain Immediate Shareholders of Target Subsidiaries entered into eight share pledge agreements (collectively, the “Share Pledge Agreements”) with Huaneng Trust which they have agreed to pledge certain of their equity interests in the Target Subsidiaries (the “Share Pledge”) to Huaneng Trust to secure the payment of the Buy Back Consideration by Hidili China to Huaneng Trust throughout the Preference Investment Period.

UNDERTAKING BY CONTROLLING SHAREHOLDER

On 28 August 2012, Mr. Xian Yang, the Chairman and the controlling shareholder of the Company and his spouse, Ms. Qiao Qian, have undertaken to Huaneng Trust to guarantee the payment of the Buy Back Consideration in the event of default of payment by Hidili China.

THE CONTINUING CONNECTED TRANSACTIONS

On 28 August 2012, the Target Subsidiaries and Huaneng Trust entered into eight consulting service agreements (collectively, the “Consulting Service Agreements”) for the provision of financial consulting service to the Target Subsidiaries for a term of two years at an aggregate amount of RMB36 million (approximately HK\$44 million). The consulting service fees are agreed to be payable annually by the Target Subsidiaries.

IMPLICATION OF THE LISTING RULES

As the applicable percentage ratios for the Capital Injections will exceed 25% but are less than 75% and the applicable percentage ratios for the Share Transfers will exceed 25% but are less than 100%, each of the Capital Injections and the Share Transfers (collectively, the “Transactions”) constitutes a major transaction for the Company under the Listing Rules. Therefore, they are subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules. Under the Listing Rules, the completion of the Capital Injections and the Share Transfers is subject to Shareholders’ approval.

So far as the Company is aware, none of the Shareholders is materially interested in the Transactions. As such, no Shareholder is required to abstain from voting if general meeting were to be convened to approve the Transactions. As Sanlian is interested in an aggregate of 1,100,674,000 Shares, representing approximately 53.28% of the existing issued share capital of the Company as at the date of this announcement, the Company will apply to the Stock Exchange for a waiver from the requirement to hold a Shareholders’ meeting whereupon the Shareholders’ approval in respect of the Transactions to be given in the form of a written approval by Sanlian will be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. If the Written Approval Waiver is not granted, the Company will convene the EGM to obtain the approval from the Shareholders.

A circular containing, among other things, (i) further details of the Transactions; (ii) a notice of the EGM (if the Written Approval Waiver is not granted) and (iii) other relevant information, will be despatched to the Shareholders on or before 18 September 2012.

As the applicable percentage ratios for the Share Pledge will exceed 5% but are less than 25%, the Share Pledge constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Guarantee constitutes financial assistance to be provided by connected persons for the benefit of Hidili China. As (i) the Guarantee is on normal commercial terms and (ii) no security over the assets of the Group will be granted in respect of the Guarantee, the Guarantee is exempted under Rule 14A.65(4) of the Listing Rules from reporting, announcement and independent shareholders' approval requirements.

Upon completion of the Capital Injections, Huaneng Trust will become a connected person of the Company as it is a substantial shareholder of the Target Subsidiaries. The transactions contemplated under the Consulting Service Agreements will therefore constitute continuing connected transactions of the Company which are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

Upon completion of the Capital Injections, Huaneng Trust will become a connected person of the Company as it is a substantial shareholder of the Target Subsidiaries. Upon the payment of any of the Buy Back Consideration by Hidili China to Huaneng Trust, the transactions contemplated under the Share Transfer Agreements will therefore constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The Company will comply with the relevant Listing Rules as and when appropriate.

THE CAPITAL INJECTIONS

On 28 August 2012, the Target Subsidiaries, Immediate Shareholders and Huaneng Trust entered into eight capital injection agreements (collectively, the "Capital Injection Agreements"). Pursuant to the Capital Injection Agreements, Huaneng Trust has agreed to inject an aggregate of RMB1,500 million (approximately HK\$1,829 million) as share capital in cash to the respective Target Subsidiaries for equity interest ranging from 34% to 41%.

Principal terms

The principal terms of each of the Capital Injection Agreements are as follows:

Target Subsidiaries	Immediate Shareholders	Equity interest held by Immediate Shareholders before the Capital Injections	Equity interest held by Immediate Shareholders after the Capital Injections	Injection Money payable by Huaneng Trust <i>RMB' million</i>	Target Equity Interest <i>%</i>
		<i>%</i>	<i>%</i>		
Panzhuhua Yanjiang	Sichuan Hidili	100%	64%	370	36%
Yunnan Hidili	Shenzhen Hidili	90%	59.4%	250	34%
	Sichuan Hidili	10%	6.6%		
Fuyuan Kunyuan	Liupanshui Hidili	90%	55.8%	230	38%
	Sichuan Hidili	10%	6.2%		
Fuyuan Xiangda	Liupanshui Hidili	70%	41.3%	60	41%
	Sichuan Hidili	30%	17.7%		
Yunnan Henglong	Liupanshui Hidili	80%	47.2%	90	41%
	Sichuan Hidili	20%	11.8%		
Fuyuan Dahe	Shenzhen Hidili	90%	55.8%	270	38%
	Mr. Peng Zhongqiang	5.7%	3.52%		
	Mr. Chen Laoling	3.8%	2.36%		
	Mr. Tian Jinyi	0.4%	0.25%		
	Mr. Guo Minli	0.1%	0.07%		
Fuyuan Tonghe	Liupanshui Hidili	90%	54%	140	40%
	Sichuan Hidili	10%	6%		
Fuyuan Jintai	Liupanshui Hidili	80%	48.8%	90	39%
	Sichuan Hidili	20%	12.2%		
				1,500	

Conditions for the completion of the Capital Injections

Under the Capital Injection Agreements, Huaneng Trust has agreed to invest the Injection Money into the Target Subsidiaries subject to, among others, the fulfillment of the following conditions:

1. Huaneng Trust having raised adequate funding to finance the Capital Injections;
2. the Capital Injection Agreements having been executed;
3. Huaneng Trust having completed all the necessary financial and legal due diligence on the Target Subsidiaries and having obtained its own internal approval;
4. all the Immediate Shareholders of the Target Subsidiaries have agreed to give up the pre-emptive rights to allot new share capital of the Target Subsidiaries;
5. the Capital Injections to Target Subsidiaries having been approved by their respective Immediate Shareholders in the respective shareholders' meetings;
6. the amendments to the respective memorandum and articles of association of the Target Subsidiaries having been completed and such amendments having been approved by Huaneng Trust;
7. the Target Subsidiaries and their respective Immediate Shareholders are not in breach of any provisions under the Capital Injection Agreements or any agreements entered into with Huaneng Trust; and
8. subject to the Shareholders' approval to be obtained by the Company and in compliance with the applicable Listing Rules.

Basis of determining the Injection Money and the portion of equity interest entitled to Huaneng Trust

The Injection Money was determined with reference to the valuation of the net asset value of the Target Subsidiaries as at 30 April 2012 as appraised by the Independent Valuer appointed by Huaneng Trust that possesses relevant professional qualifications. The valuation of the net asset value of the Target Subsidiaries as at 30 April 2012 was as follows:

Target Subsidiaries	Valuation of the net asset value as at 30 April 2012 <i>RMB' million</i>
Panzhuhua Yanjiang	646.4
Yunnan Hidili	437.3
Fuyuan Kunyuan	409.6
Fuyuan Xiangda	101.6
Yunnan Henglong	226.4
Fuyuan Dahe	498.3
Fuyuan Tonghe	246.6
Fuyuan Jintai	155.6

Completion of the Capital Injections

Within seven business days from the receipt of the Injection Money from Huaneng Trust, the Target Subsidiaries shall immediately engage an authorised capital certification company to examine the Injection Money and issue capital certification report (the “Certification Report(s)”) to each of the Target Subsidiaries.

The Target Subsidiaries shall issue the capital certifications within seven business days from the date of issue of the Certificate Reports to Huaneng Trust and shall complete all the filings regarding the amendments to holders of equity interests, registered capital, directors and memorandum and articles of association to the Administration for Industry and Commerce in the PRC within 15 business days from the date of issue of the Certification Reports.

Immediate after completion of the Capital Injections, each of the board of directors of the Target Subsidiaries shall comprise five directors, of which two directors are to be appointed by Huaneng Trust. Huaneng Trust will not be involved in the daily operation of the Target Subsidiaries. Sichuan Hidili, the ultimate holding company of the Target Subsidiaries, is responsible for the daily operation of the Target Subsidiaries and will guarantee the quarterly raw coal production volume and net profit (as set out in the respective Capital Injection Agreements) throughout the two years' period after the Injection Date.

Pursuant to the Capital Injection Agreements, Huaneng Trust will have pre-emption rights to acquire further interests in the Target Subsidiaries and Huaneng Trust will have further rights to dispose its equity interests in the Target Subsidiaries, subject to the occurrence of certain events as set out in the Capital Injection Agreements.

THE SHARE TRANSFERS

On 28 August 2012, the Target Subsidiaries, Hidili China and Huaneng Trust entered into eight share transfer agreements (collectively, the "Share Transfer Agreements"). Pursuant to the Share Transfer Agreements, Hidili China has agreed to buy back all the Target Equity Interest injected by Huaneng Trust under the Capital Injection Agreements at the end of the Preference Investment Period by cash.

Payment of the Buy Back Consideration

Pursuant to the Share Transfer Agreements, the Buy Back Consideration of the respective Target Equity Interest comprises the Injection Money and a premium. Hidili China shall settle the Injection Money in respect of the buy back of the relevant Target Equity Interest at the end of the Preference Investment Period and the premium payable by nine quarterly installments starting from the Injection Date as follows:

	Amount of the premium payable
First installment	1.8% of the Injection Money
Second to fifth quarterly installment	9% per annum of the Injection Money
Sixth to ninth quarterly installment	10.8% per annum of the Injection Money

The basis of the Buy Back Consideration was determined with reference to Huaneng Trust's internal rate of return on its trust investment.

Any dividends distributed and received by Huaneng Trust from the Target Subsidiaries during the Preference Investment Period can be used to reduce the Injection Money to be payable at the end of the Preference Investment Period by Hidili China.

After six months from the Injection Date and at any time during the Preference Investment Period, Hidili China can buy back all the Target Equity Interest from Huaneng Trust with written consent from Huaneng Trust. Subject to the written consent of Huaneng Trust and to the extent that Hidili China will buy back all the Target Equity Interest from Huaneng Trust, the Company will issue further announcement in compliance with the Listing Rules as and when appropriate.

THE SHARE PLEDGE

Shares pledged by certain Immediate Shareholders

On 28 August 2012, certain Immediate Shareholders of Target Subsidiaries entered into eight share pledge agreements (collectively, the "Share Pledge Agreements") with Huaneng Trust where they have agreed to pledge certain of their equity interests in the Target Subsidiaries (the "Share Pledge") to Huaneng Trust to secure the payment of the Buy Back Consideration by Hidili China to Huaneng Trust throughout the Preference Investment Period. The equity interests pledged pursuant to the Share Pledge Agreements are as follows:

Immediate Shareholders	Equity interest pledged
Sichuan Hidili	36% of Panzhihua Yanjiang
Liupanshui Hidili	38% of Fuyuan Kunyuan
	41% of Fuyuan Xiangda
	41% of Yunnan Henglong
	40% of Fuyuan Tonghe
	39% of Fuyuan Jintai
Shenzhen Hidili	34% of Yunnan Hidili
	38% of Fuyuan Dahe

The completion of the Share Transfer Agreements is subject to the Shareholders' approval to be obtained by the Company and in compliance with the applicable Listing Rules.

Upon completion of the Share Transfer Agreements and payment of the Buy Back Consideration, Huaneng Trust shall proceed to discharge the Share Pledge accordingly.

UNDERTAKING BY CONTROLLING SHAREHOLDER

On 28 August 2012, Mr. Xian Yang, the Chairman and the controlling shareholder of the Company and his spouse, Ms. Qiao Qian, have undertaken to Huaneng Trust to guarantee the payment of the Buy Back Consideration in the event of default of payment by Hidili China.

ACCOUNTING IMPACT AFTER THE CAPITAL INJECTIONS AND SHARE TRANSFERS

The Company will continue to consolidate or take equity of the assets, liabilities and income of the Target Subsidiaries using the percentage of equity interests held by the Immediate Shareholders before the Capital Injections into the Group's financial statements. The Capital Injections contemplated under the Capital Injection Agreements will be regarded as borrowings and the premium payable under the Share Transfer Agreements during the Preference Investment Period will be charged to the income statement.

INFORMATION OF THE GROUP, THE TARGET SUBSIDIARIES, HIDILI CHINA, THE IMMEDIATE SHAREHOLDERS AND HUANENG TRUST

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.

Target Subsidiaries

The principal activities of each of the Target Subsidiaries are coal mining and operating coal mines in Guizhou and Yunnan provinces in the PRC, respectively. The coal mines under the operation of the Target Subsidiaries are as follows:

Target Subsidiaries	Coal mines under operation	Location of the coal mines
Panzhuhua Yanjiang	Tianbao Coal Mine	Sichuan, PRC
Yunnan Hidili	Yanhe Coal Mine	Yunnan, PRC
Fuyuan Kunyuan	Jianglang Coal Mine	Yunnan, PRC
Fuyuan Xiangda	Xiangda No.1 Coal Mine	Yunnan, PRC
Yunnan Henglong	Zude Coal Mine	Yunnan, PRC
Fuyuan Dahe	Qingping Coal Mine	Yunnan, PRC
Fuyuan Tonghe	Xingjian Coal Mine	Yunnan, PRC
Fuyuan Jintai	Xingji Coal Mine	Yunnan, PRC

The audited results and net assets value of the Target Subsidiaries for the two years ended 31 December 2011 prepared in accordance with accounting principles generally accepted in the PRC are as follows:

Year ended 31 December 2011

Target Subsidiaries	Profit (Loss) before taxation <i>RMB'000</i>	Profit (Loss) after taxation <i>RMB'000</i>	Net assets (liabilities) <i>RMB'000</i>
Panzhuhua Yanjiang	152,463	133,405	595,185
Yunnan Hidili	23,288	23,288	132,215
Fuyuan Kunyuan	(3,019)	(3,053)	280,511
Fuyuan Xiangda	14,468	13,750	28,248
Yunnan Henglong	25	18	4,240
Fuyuan Dahe	73,660	62,142	368,485
Fuyuan Tonghe	(7,999)	(8,083)	95,705
Fuyuan Jintai	(73)	(73)	(709)

Year ended 31 December 2010

Target Subsidiaries	Profit (Loss) before taxation <i>RMB'000</i>	Profit (Loss) after taxation <i>RMB'000</i>	Net assets (liabilities) <i>RMB'000</i>
Panzhuhua Yanjiang	83,856	77,567	461,780
Yunnan Hidili	(29,021)	(29,021)	108,928
Fuyuan Kunyuan	(5,428)	(5,428)	283,564
Fuyuan Xiangda	19,396	16,283	14,743
Yunnan Henglong	(5,718)	(5,778)	4,222
Fuyuan Dahe	19,143	17,378	308,912
Fuyuan Tonghe	(9,357)	(9,357)	103,545
Fuyuan Jintai	(5,577)	(5,636)	(636)

Hidili China

Hidili China is a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company. Its principal activity is investment holding.

Liupanshui Hidili

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

Shenzhen Hidili

Shenzhen Hidili is a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company. Its principal activity is investment holding.

Sichuan Hidili

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

Mr. Peng Zhongqiang

彭仲強先生 (Mr. Peng Zhongqiang*), one of the Immediate Shareholders of Fuyuan Dahe, holds 5.7% equity interest before the Capital Injections.

Mr. Chen Laoling

陳老令先生 (Mr. Chen Laoling*), one of the Immediate Shareholders of Fuyuan Dahe, holds 3.8% equity interest before the Capital Injections.

Mr. Tian Jinyi

田金益先生 (Mr. Tian Jinyi*), one of the Immediate Shareholders of Fuyuan Dahe, holds 0.4% equity interest before the Capital Injections.

Mr. Guo Minli

郭敏力先生 (Mr. Guo Minli*), one of the Immediate Shareholders of Fuyuan Dahe, holds 0.1% equity interest before the Capital Injections.

Huaneng Trust

Huaneng Trust is a limited liability company established in the PRC and is a subsidiary of 中國華能集團公司 (China Huaneng Group Company*). Its principal activity is trust investment with registered capital of RMB2,000 million.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Huaneng Trust and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

THE CONTINUING CONNECTED TRANSACTIONS

On 28 August 2012, the Target Subsidiaries and Huaneng Trust entered into eight consulting service agreements (collectively, the “Consulting Service Agreements”) for the provision of financial consulting service to the Target Subsidiaries for a term of two years at an aggregate amount of RMB36 million (approximately HK\$44 million). The consulting service fees are agreed to be payable annually by the Target Subsidiaries. The consulting service fees payable by the Target Subsidiaries are as follows:

Target Subsidiaries	Consulting service fees RMB' 000
Panzhuhua Yanjiang	8,880
Yunnan Hidili	6,000
Fuyuan Kunyuan	5,520
Fuyuan Xiangda	1,440
Yunnan Henglong	2,160
Fuyuan Dahe	6,480
Fuyuan Tonghe	3,360
Fuyuan Jintai	2,160
	<hr/>
	36,000
	<hr/> <hr/>

The above consulting service fees are charged by Huaneng Trust with reference to the financial consultancy service offered to respective Target Subsidiaries for the term of two years.

REASONS FOR THE CAPITAL INJECTIONS, SHARE TRANSFERS, SHARE PLEDGE, GUARANTEE AND THE CONTINUING CONNECTED TRANSACTIONS

The Directors believe that the Capital Injections can strengthen the Group's cashflow and secure for the repayment of the short-term borrowings.

The Directors (including the independent non-executive Directors) believe that the terms and conditions of the Capital Injection Agreements, the Share Transfer Agreements, the Share Pledge Agreements, the Guarantee and the Consulting Service Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

The Capital Injections, the Share Transfers and the Share Pledge

As the applicable percentage ratios for the Capital Injections will exceed 25% but are less than 75% and the applicable percentage ratios for the Share Transfers will exceed 25% but are less than 100%, each of the Capital Injections and the Share Transfers constitutes a major transaction for the Company under the Listing Rules. Therefore, they are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Under the Listing Rules, the completion of the Capital Injections and the Share Transfers is subject to Shareholders' approval.

So far as the Company is aware, none of the Shareholders is materially interested in the Transactions. As such, no Shareholder is required to abstain from voting if general meeting were to be convened to approve the Transactions. As Sanlian is interested in an aggregate of 1,100,674,000 Shares, representing approximately 53.28% of the existing issued share capital of the Company as at the date of this announcement, the Company will apply to the Stock Exchange for a waiver from the requirement to hold a Shareholders' meeting whereupon the Shareholders' approval in respect of the Transactions to be given in the form of a written approval by Sanlian will be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. If the Written Approval Waiver is not granted, the Company will convene the EGM to obtain the approval from the Shareholders.

A circular containing, among other things, (i) further details of the Transactions; (ii) a notice of the EGM (if the Written Approval Waiver is not granted) and (iii) other relevant information, will be despatched to the Shareholders on or before 18 September 2012.

As the applicable percentage ratios for the Share Pledge will exceed 5% but are less than 25%, the Share Pledge constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Guarantee

The Guarantee constitutes financial assistance to be provided by connected persons for the benefit of Hidili China. As (i) the Guarantee is on normal commercial terms and (ii) no security over the assets of the Group will be granted in respect of the Guarantee, the Guarantee is exempted under Rule 14A.65(4) of the Listing Rules from reporting, announcement and independent shareholders' approval requirements.

The Continuing Connected Transactions

Upon completion of the Capital Injections, Huaneng Trust will become a connected person of the Company as it is a substantial shareholder of the Target Subsidiaries. The transactions contemplated under the Consulting Service Agreements will therefore constitute continuing connected transactions of the Company which are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the transactions contemplated under the Consulting Service Agreements and thus none of them is required to abstain from voting on the relevant Board resolution approving such transactions.

The Connected Transactions

Upon completion of the Capital Injections, Huaneng Trust will become a connected person of the Company as it is a substantial shareholder of the Target Subsidiaries. Upon the payment of any of the Buy Back Consideration by Hidili China to Huaneng Trust, the transactions contemplated under the Share Transfer Agreements will therefore constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The Company will comply with the relevant Listing Rules as and when appropriate.

None of the Directors has any material interest in the transactions contemplated under the Share Transfer Agreements and thus none of them is required to abstain from voting on the relevant Board resolution approving such transactions.

DEFINITIONS

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

“Board”	the board of Directors
“Buy Back Consideration”	collectively, the consideration payable by Hidili China to buy back the Target Equity Interest of the Target Subsidiaries pursuant to the terms of Share Transfer Agreements
“Capital Injections”	the injections of capital by Huaneng Trust into the Target Subsidiaries pursuant to the Capital Injection Agreements
“Capital Injection Agreements”	collectively, eight capital injection agreements dated 28 August 2012 entered into among the Target Subsidiaries, Immediate Shareholders and Huaneng Trust in respect of the increase in the share capital of the Target Subsidiaries by Huaneng Trust
“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
“Consulting Service Agreements”	collectively, eight consulting service agreements dated 28 August 2012 entered into between the Target Subsidiaries and Huaneng Trust for the provision of financial consulting service to the Target Subsidiaries for a term of two years
“Continuing Connected Transactions”	the transactions contemplated under the Consulting Service Agreements

“controlling shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held to approve the Transactions if Written Approval Waiver is not granted
“Fuyuan Dahe”	富源縣大河青坪煤業有限公司 (Fuyuan County Dahe Qingping Coal Industry Co., Ltd.*), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company
“Fuyuan Jintai”	富源縣錦泰煤業有限公司 (Fuyuan County Jintai Coal Industry Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Fuyuan Kunyuan”	富源縣坤源煤業有限公司 (Fuyuan County Kunyuan Coal Industry Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Fuyuan Tonghe”	富源縣通和煤業有限公司 (Fuyuan County Tonghe Coal Industry Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Fuyuan Xiangda”	富源縣祥達煤礦有限公司 (Fuyuan County Xiangda Coal Mine Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries

“Guarantee”	the undertaking by Mr. Xian Yang, the Chairman and the controlling shareholder of the Company and his spouse, Ms. Qiao Qian, to guarantee the payment of the Buy Back Consideration in the event of default of payment by Hidili China, dated 28 August 2012
“Hidili China”	恒鼎實業(中國)集團有限公司(Hidili Industry (China) Group Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaneng Trust”	華能貴誠信託有限公司 (Huaneng Guicheng Trust Co., Ltd.*), a company established in the PRC with limited liability
“Immediate Shareholders”	collectively, the immediate shareholders of the Target Subsidiaries before the Capital Injections
“Independent Valuer”	北京天健興業資產評估有限公司 (Beijing Pan-China Assets Appraisal Co. Ltd.*), a valuer which is independent of the Company and its connected persons
“Injection Date”	the date of payment of the Injection Money by Huaneng Trust to the Target Subsidiaries
“Injection Money”	collectively, the amounts injected by Huaneng Trust to the Target Subsidiaries under the Capital Injection Agreements
“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 Co., Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Panzhuhua Yanjiang”	攀枝花市沿江實業有限責任公司(Panzhuhua Yanjiang Industrial Co., Ltd.*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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
“Preference Investment Period”	two years starting from the Injection Date
“RMB”	Renminbi, the lawful currency of the PRC
“Sanlian”	Sanlian Investment Holding Limited
“Sichuan Hidili”	四川恒鼎實業有限公司(Sichuan Hidili Industry Co., Ltd*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Pledge”	pledge of certain of the equity interests in the Target Subsidiaries held by certain Immediate Shareholders pursuant to the Share Pledge Agreements
“Share Pledge Agreements”	collectively, eight share pledge agreements dated 28 August 2012 entered into between certain Immediate Shareholders of Target Subsidiaries and Huaneng Trust to pledge the Share Pledge to Huaneng Trust to secure the payment of the Buy Back Consideration by Hidili China to Huaneng Trust throughout the Preference Investment Period
“Share Transfers”	the buy back of the Target Equity Interest by Hidili China pursuant to the Share Transfer Agreements

“Share Transfer Agreements”	collectively, eight share transfer agreements dated 28 August 2012 entered into among the Target Subsidiaries, Hidili China and Huaneng Trust for the buy back of the Target Equity Interest
“Shenzhen Hidili”	深圳市恒信鼎立商貿有限公司(Shenzhen City Hidili Commercial and Trading Co., Ltd*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Equity Interest”	in relation to each of the Target Subsidiaries, the equity interest to which Huaneng Trust is entitled upon the completion of the Capital Injections
“Target Subsidiaries”	collectively, Panzhihua Yanjiang, Yunnan Hidili, Fuyuan Kunyuan, Fuyuan Xiangda, Yunnan Henglong, Fuyuan Dahe, Fuyuan Tonghe and Fuyuan Jintai
“Transactions”	the transactions contemplated under the Capital Injections and the Share Transfers
“Written Approval Waiver”	the waiver from the requirement to hold a Shareholders’ meeting whereupon the Shareholders’ approval in respect of the Transactions to be given in the form of the written approval by Sanlian will be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules

“Yunnan Henglong”	雲南恒隆煤業有限公司(Yunnan Henglong Coal Industry Co., Ltd*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Yunnan Hidili”	雲南恒鼎煤業有限公司(Yunnan Hidili Coal Industry Co., Ltd*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By Order of the Board of
Hidili Industry International Development Limited
恒鼎實業國際發展有限公司
Xian Yang
Chairman

Hong Kong 28 August 2012

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

For the purpose of this announcement, amounts in RMB have been translated into Hong Kong dollars at HK\$1.00 equal to RMB0.82. No representation is made that any amount in RMB or Hong Kong dollars could have been or could be converted at the above rate or at any other rates or at all.

* *For identification purpose only*