

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims 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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement of the Company dated 28 August 2012 (the “**Announcement**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise stated or the context requires otherwise.

CLARIFICATION

The Board would like to inform that a written shareholder’s approval has already been obtained from Sanlian, which holds 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) for the entering into of the Capital Injection Agreements and the Share Transfer Agreements. The Board would like to clarify that the Written Approval Waiver is not necessary and therefore no EGM will be convened for the purpose of approving the Capital Injection Agreements and the Share Transfer Agreements.

THE CAPITAL INJECTION AGREEMENTS

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 the quarterly net profit (as set out in the respective Capital Injection Agreements) throughout the two years' period after the Injection Date, details of which are set out below.

At any time within two years from the Injection Date, if there is any material changes which may affect the Target Subsidiaries to fulfil the Guarantees, all parties agree to adjust the Guarantees accordingly.

THE CONSULTING SERVICE AGREEMENTS

The Board would like to inform that based on the terms of the Consulting Service Agreements, Huaneng Trust shall provide consulting services to the Target Subsidiaries in respect of compliance with laws and regulations, policy, market information and other aspects relating to the finance industry.

Reference is made to the announcement of the Company dated 28 August 2012 (the “**Announcement**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise stated or the context requires otherwise.

CLARIFICATION

The Board would like to inform that a written shareholder's approval has already been obtained from Sanlian, which holds 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) for the entering into of the Capital Injection Agreements and the Share Transfer Agreements. The Board would like to clarify that the Written Approval Waiver is not necessary and therefore no EGM will be convened for the purpose of approving the Capital Injection Agreements and the Share Transfer Agreements.

THE CAPITAL INJECTION AGREEMENTS

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 the quarterly net profit (as set out in the respective Capital Injection Agreements) throughout the two years' period after the Injection Date, details of which are set out below:

In respect of Panzhihua Yanjiang:

A quarterly raw coal production volume ranging from 30,800 tonnes to 64,500 tonnes and a quarterly profit not less than RMB2.46 million.

In respect of Yunnan Hidili:

A quarterly raw coal production volume ranging from 18,800 tonnes to 52,500 tonnes and a quarterly profit not less than RMB1.50 million.

In respect of Fuyuan Kunyuan:

A quarterly raw coal production volume ranging from 7,500 tonnes to 20,000 tonnes and a quarterly profit not less than RMB0.60 million.

In respect of Fuyuan Xiangda:

A quarterly raw coal production volume ranging from 15,000 tonnes to 45,000 tonnes and a quarterly profit not less than RMB1.20 million.

In respect of Yunnan Henglong:

A quarterly raw coal production volume ranging from 15,000 tonnes to 30,000 tonnes and a quarterly profit not less than RMB1.20 million.

In respect of Fuyuan Dahe:

A quarterly raw coal production volume ranging from 16,500 tonnes to 50,000 tonnes and a quarterly profit not less than RMB1.32 million.

In respect of Fuyuan Tonghe:

A quarterly raw coal production volume ranging from 11,250 tonnes to 30,000 tonnes and a quarterly profit not less than RMB0.90 million.

In respect of Fuyuan Jintai:

A quarterly raw coal production volume ranging from 13,500 tonnes to 27,000 tonnes and a quarterly profit not less than RMB1.08 million.

In the event that the guarantees (collectively, the “**Guarantees**”) as set out above are not met, Huaneng Trust can exercise its discretion to extend the period for the fulfilment of such Guarantees (the “**Extended Period**”). If the Target Subsidiaries cannot meet the Guarantees within the Extended Period granted by Huaneng Trust, Huaneng Trust can at its discretion dispose the Target Equity Interest and such disposal should be in compliance with the relevant laws.

At any time within two years from the Injection Date, if there is any material changes which may affect the Target Subsidiaries to fulfil the Guarantees, all parties agree to adjust the Guarantees accordingly.

THE CONSULTING SERVICE AGREEMENTS

The Board would like to inform that based on the terms of the Consulting Service Agreements, Huaneng Trust shall provide consulting services to the Target Subsidiaries in respect of compliance with laws and regulations, policy, market information and other aspects relating to the finance industry.

The fees payable under the Consulting Service Agreements are determined with reference to (a) the scope of works to be performed by Huaneng Trust under the Consulting Service Agreements; (b) the time to be spent by different levels of staff assigned by Huaneng Trust in performing the services; (c) fees payable by third parties to Huaneng Trust in respect of similar scope of consulting services rendered by Huaneng Trust; and (d) the prevailing market demand for similar consulting services in the PRC.

After the Capital Injection, Huaneng Trust will assist the Group to (a) formulate a refinancing plan in respect of the Group's existing short term debt portfolio for the Company's consideration; (b) coordinate with potential lenders for due diligence works; and (c) provide the Group with professional advice during the negotiation with the potential lenders.

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
27 September 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 identification purpose only*