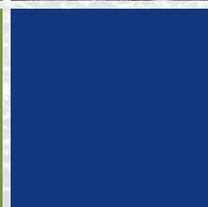
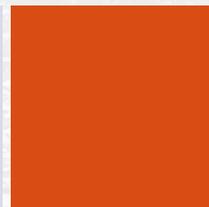




Hidili Industry International Development Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1393



2018
Interim Report

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Corporate Information

DIRECTORS

Executive Directors

Mr. Xian Yang (Chairman)
Mr. Sun Jiankun
Mr. Zhuang Xianwei

Independent non-executive Directors

Mr. Sung Wing Sum
Mr. Huang Rongsheng
Ms. Xu Manzhen

AUDIT COMMITTEE

Mr. Sung Wing Sum (Chairman)
Mr. Huang Rongsheng
Ms. Xu Manzhen

REMUNERATION COMMITTEE

Mr. Sung Wing Sum (Chairman)
Mr. Huang Rongsheng
Ms. Xu Manzhen
Mr. Xian Yang

AUDITORS

Zhonghui Anda CPA Limited
Unit 701, 7th Floor, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

COMPANY SECRETARY

Ms. Chu Lai Kuen

AUTHORIZED REPRESENTATIVES

Mr. Xian Yang
Ms. Chu Lai Kuen

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEAD OFFICE

16th Floor, Dingli Mansion
No. 185 Renmin Road
Panzhuhua
Sichuan 617000
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1306, 13th Floor
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8 Fleming Road
Wanchai
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Corporate Information (Continued)

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISER

Kwok Yih & Chan
Suites 2103-05, 21st Floor
9 Queen's Road Central
Central
Hong Kong

STOCK CODE

1393

WEBSITE

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PRINCIPAL BANKERS

China Merchants Bank
Shenzhen Che Gong Miao Sub-Branch
A 1/F, Tianxiang Bldg
Tianan Numeral City
Futian, Shenzhen
PRC

China Minsheng Banking Corp. Ltd,
Chengdu Branch
No. 2, Remin Road South
Chengdu, Sichuan Province
PRC

Panzhuhua City Commercial Bank Ltd,
Zhuhuyuan Branch
Floor 1, Ping Street, Laodong Building
East District, Panzhuhua City
Sichuan Province
PRC

Ping An Bank Co., Ltd.
Chengdu Branch
No. 240-1, Shuncheng Avenue
Chengdu, Sichuan Province
PRC

Ping An Bank Co., Ltd.
Kunming Branch
No. 450, Qingnian Road
Kunming, Sichuan Province
PRC

Shanghai Pudong Development
Bank Co., Ltd.
Chengdu Shu Han Sub-Branch
No. 520 Shu Han Road
Chengdu, Sichuan Province
PRC

Wing Lung Bank
16/F, Wing Lung Bank Building
45 Des Voeux Road Central
Central, Hong Kong

Chairman's Statement

OUTLOOK

During the six months ended 30 June 2018 (the "Review Period"), as the coal mines originally affected by the coal mine consolidation in Sichuan province and Guizhou province gradually resumed normal production, Hidili Industry International Development Limited ("the Company") saw a sign of recovery. The production volume of raw coal increased to approximately 1,285,000 tonnes, representing an increase of approximately 51.0% as compared with 851,000 tonnes in the corresponding period in 2017. Meanwhile, the turnover of the Company and its subsidiaries (together, the "Group") also increased to approximately RMB663.9 million, representing an increase of approximately 74.9% as compared with approximately RMB379.6 million in the corresponding period in 2017, which was due to the increase in the sales volumes and average selling prices of principal products. As a result, a gross profit of approximately RMB243.6 million was recorded and EBITDA of approximately RMB188.4 million was achieved. The Company believes that the gradual increasing production capacity of its coal mines will help to further reduce its operating cost and strengthen its working capital.

In respect of debt restructuring, the Company, the Steering Committee and the Onshore Creditors Committee continued to negotiate based on the framework of the termsheet in relation to the proposed restructuring entered into on 18 January 2017. Basically, certain outstanding Notes, onshore debts and other payables will be converted into newly issued ordinary shares of the Company. The remaining balances of the indebtedness will be extended to a further terms of three to five years. Currently, the Company is working closely with the onshore and offshore creditors together with the professionals to strive to finalise the detailed terms of the debt restructuring as soon as possible, and prepare the formal documentation for approval in shareholders' meeting. Upon the completion of the restructuring, the Company believes that it will have a healthy financial position and sustainable cashflow for operation and development.

Management Discussion and Analysis

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)	Change %
Revenue	663,855	379,587	74.9%
Gross profit	243,576	88,468	175.3%
Loss before tax	(67,574)	(168,694)	(60.0%)
Loss and total comprehensive expense for the period	(68,004)	(170,870)	(60.2%)
EBITDA	188,841	74,794	152.5%
Basic loss per share (RMB cents)	(3)	(8)	(62.5%)

FINANCIAL REVIEW

Revenue

During the Review Period, revenue of the Group recorded approximately RMB663.9 million, representing a significant increase of approximately 74.9%, as compared with approximately RMB379.6 million in the corresponding period in 2017. The increase was primarily attributable to the increase in both sales volumes and average selling prices (net of value added tax) of clean coal and raw coal. The sales volume recorded for clean coal for the Review Period amounted to approximately 270,300 tonnes as compared to approximately 156,600 tonnes in the corresponding period in 2017, representing an increase of approximately 72.6%. The average selling price for the Review Period for clean coal increased from RMB1,021.9 per tonne in the corresponding period in 2017 to RMB1,060.8 per tonne, representing an increase of 3.8%. On the other hand, sales of raw coal continued to be a major contribution to the Company's revenue and amounted to approximately RMB328.2 million, representing an increase of approximately 71.8% as compared to approximately RMB191.0 million in the corresponding period in 2017.

Management Discussion and Analysis (Continued)

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 2017:

	Six months ended 30 June					
	2018			2017		
	Turnover RMB'000	Sales Volume ('000 Tonnes)	Average Selling Price (RMB/ Tonne)	Turnover RMB'000	Sales Volume ('000 Tonnes)	Average Selling Price (RMB/ Tonne)
Principal products						
Clean coal	286,746	270.3	1,060.8	159,995	156.6	1,021.9
Raw coal	328,239	728.9	450.3	190,955	434.0	439.9
Principal Products total	614,985			350,950		
By-products						
High-ash thermal coal	48,782	247.2	197.4	21,338	83.6	255.4
Other products						
Others	88			7,299		
Total turnover	663,855			379,587		

Cost of sales

Cost of sales for the Review Period was approximately RMB420.3 million, representing an increase of approximately RMB129.2 million, or approximately 44.4%, as compared with approximately RMB291.1 million in the corresponding period in 2017. During the Review Period, the Company's raw coal production capacity in Guizhou province has gradually released. Production volume of raw coal and clean coal increased from approximately 851,000 tonnes and 170,000 tonnes in the corresponding period in 2017 to approximately 1,285,000 tonnes and 285,000 tonnes respectively during the Review Period, representing an increase of approximately 51.0% and 67.6% respectively.

The following table illustrates the production volume of the principal products in Sichuan and Guizhou provinces and the purchase volume of principal products for the respective period.

	Six months ended 30 June			
	2018		2017	
	Raw coal ('000 tonnes)	Clean coal ('000 tonnes)	Raw coal ('000 tonnes)	Clean coal ('000 tonnes)
Production volume				
Panzhihua	239	73	235	76
Guizhou	1,046	212	616	94
	1,285	285	851	170
Purchase volume	72	-	53	25

Management Discussion and Analysis (Continued)

Material, fuel and power costs for the Review Period were approximately RMB151.9 million, representing an increase of approximately RMB33.7 million, or approximately 28.5%, as compared with approximately RMB118.2 million in corresponding period in 2017. The increase was basically in line with the increase in production volume of raw coal and clean coal.

Staff costs for the Review Period were approximately RMB168.0 million, representing an increase of approximately RMB60.7 million, or approximately 56.6%, as compared with approximately RMB107.3 million in the corresponding period of 2017. The increase was in line with the increase in production volume of raw coal and number of staff employed in productive mines during the Review Period.

Depreciation and amortisation for the Review Period were approximately RMB46.5 million, representing an increase of approximately RMB15.8 million, or approximately 51.5%, as compared with approximately RMB30.7 million in the corresponding period of 2017. The increase was in line with the increase in production volume of raw coal in the Review Period.

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

	Six months ended 30 June	
	2018 RMB per tonne	2017 RMB per tonne
Coal mining		
Cash cost	238	246
Depreciation and amortisation	36	36
Total production cost	274	282
Purchase cost of raw coal	225	372
Average cost of clean coal	730	726
Purchase cost of clean coal	–	641

Gross profit

As a result of the foregoing, the gross profit for the Review Period was approximately RMB243.6 million, representing a significant increase of approximately RMB155.1 million or approximately 175.3%, as compared with approximately RMB88.5 million in the corresponding period in 2017. The gross profit margin during the Review Period was approximately 36.7% as compared with approximately 23.3% in the corresponding period in 2017.

Management Discussion and Analysis (Continued)

Other income, gains and losses

During the Review Period, the Group recorded an aggregate gain of approximately RMB21.9 million, representing a decrease of approximately RMB43.5 million, as compared to approximately RMB65.4 million in the corresponding period in 2017. The decrease was mainly attributable to: (i) decrease in government grant of approximately RMB8.5 million, (ii) decrease in reversal of impairment of inventory and receivables of approximately RMB4.7 million and (iii) turnaround of an exchange gain in the corresponding period in 2017 of approximately RMB31.6 million to an exchange loss of the Review Period of approximately of RMB16.7 million but offset by written back of over-provision for other taxes of approximately RMB20.4 million.

Distribution expenses

Distribution expenses for the Review Period were approximately RMB59.0 million, representing an increase of approximately RMB27.1 million or approximately 85.0%, as compared to approximately RMB31.9 million in the corresponding period of 2017. The increase was mainly attributable to the increase in transportation expenses in relation to the shipment of raw coal and clean coal.

Administrative expenses

Administrative expenses for the Review Period were approximately RMB64.3 million, representing a decrease of approximately RMB23.2 million or approximately 26.5%, as compared to approximately RMB87.5 million in the corresponding period in 2017. The decrease was mainly attributable to the decrease in administrative and office expenses of approximately RMB12.9 million.

Finance costs

Finance costs for the Review Period amounted to approximately RMB200.5 million, representing a slight decrease of approximately RMB2.6 million or approximately 1.3%, as compared with approximately RMB203.1 million in the corresponding period in 2017. The decrease was mainly attributable to the decrease in interest expenses on bank borrowings of approximately RMB9.7 million but offset by the increase in interest expenses on advances drawn on bills receivables discounted of approximately RMB7.0 million.

Income tax expenses

Income tax expenses for the Review Period amounted to approximately RMB0.4 million, representing the tax provision of Enterprise Income Tax ("EIT") of the Company.

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 RMB68.0 million, representing a decrease of approximately RMB102.9 million or approximately 60.2%, as compared with approximately RMB170.9 million in the corresponding period in 2017.

Management Discussion and Analysis (Continued)

Earnings before interest, taxes, depreciation and amortisation (“EBITDA”)

The following table illustrates the Group’s EBITDA for the respective periods. The Group’s EBITDA margin was approximately 28.4% for the Review Period as compared with approximately 19.7% in the corresponding period in 2017.

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Loss for the period	(68,004)	(170,870)
Finance costs	200,477	203,130
Income tax expenses	430	2,221
Depreciation and amortisation	55,938	40,313
EBITDA	188,841	74,794

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2018, the Group incurred net current liabilities of approximately RMB8,611 million as compared to approximately RMB8,596 million as at 31 December 2017.

As at 30 June 2018, the bank and cash balances of the Group amounted to approximately RMB17 million (as at 31 December 2017: approximately RMB23 million).

As at 30 June 2018, the total bank and other borrowings payable within one year of the Group were approximately RMB5,937 million (as at 31 December 2017: approximately RMB5,937 million). As at 30 June 2018, loan amounting to approximately RMB3,204 million carries interest at fixed rates ranging from 3.00% to 11.50% per annum. The remaining loans carry interest at variable market rates ranging from 3.68% to 5.70% per annum.

The gearing ratio (calculated as the aggregate of total bank and other borrowings and senior notes divided by total assets) of the Group as at 30 June 2018 was 68.7% (as at 31 December 2017: 69.2%).

Restructuring

- On 30 October 2015, the Company announced that it would not be in a position to pay the principal amount of, or the accrued but unpaid interest on, the US\$400 million 8.625% senior notes due 2015 (the “Notes”) on the maturity date, i.e. 4 November 2015. The aggregate amount due and payable to the holders of the Notes (the “Holders”) amounted to approximately US\$190.6 million.
- On 14 December 2015, following initial discussions with certain Holders, a steering committee of Holders (the “Steering Committee”) was formed.
- On 8 January 2016, the Company announced that it had not repaid a long term secured loan from an onshore bank which fell due on 4 January 2016 and has not paid the accrued interest thereon.

Management Discussion and Analysis (Continued)

- (d) On 19 January 2016, the Company received a winding up petition filed by a bondholder of the Notes with the High Court of Hong Kong (the “Court”) against the Company for the outstanding principal and interest due to the bondholder under the Notes (the “Winding Up Petition”).
- (e) On 11 March 2016, the Company made an announcement and the purpose of such announcement was to provide the Holders with the key indicative terms of a proposed restructuring of the Notes and to facilitate discussion with the Holders.
- (f) On 15 April 2016, 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 (“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).
- (g) On 26 April 2016, the Company held a meeting with all the onshore lending banks (the “Lending Banks”). Following initial discussion with the Lending Banks, a creditors committee of the Lending Banks (the “Onshore Creditors Committee”) has been set up.
- (h) The Board agreed to form a monitoring team, comprising four individuals proposed by the Onshore Creditors Committee, for a term commencing on 1 December 2016 and ending on 30 November 2017 to monitor the mine production, mining operations, mine development, sales of coal products and finance of the Company’s mining region in Sichuan and Guizhou provinces.
- (i) On 18 January 2017, the Company, the Steering Committee and the Onshore Creditors Committee entered into a term sheet in relation to the proposed restructuring of the onshore and offshore indebtedness of the Company.
- (j) On 1 June 2017, both of Sichuan Haohang Trading Company Limited (“Sichuan Haohang”), a wholly owned subsidiary of the Company and Sichuan Hidili Industry Co., Ltd. (“Sichuan Hidili”), a wholly owned subsidiary of the Company, received a Notice of Court Action attaching the writ of summons (“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).
- (k) On 17 November 2017, the hearing of the amended Winding Up Petition has been adjourned for substantive argument to a date to be fixed not earlier than April 2018.

PLEDGE OF ASSETS OF THE GROUP

As at 30 June 2018, the Group pledged its property, plant and equipment, bank deposits and bill receivables in an aggregate amount of approximately RMB3,540 million (as at 31 December 2017: approximately RMB3,544 million) to banks for credit facilities.

As at 30 June 2018, the director of the Company (the “Director”), Mr. Xian Yang, guaranteed the bank borrowings of approximately RMB4,287 million (as at 31 December 2017: approximately RMB4,287 million).

Management Discussion and Analysis (Continued)

EMPLOYEES

As at 30 June 2018, the Group maintained an aggregate of 6,029 employees as compared with 4,916 employees at 31 December 2017. During the Review Period, the staff costs (including directors' remuneration in the form of salaries and other allowances) was approximately RMB193.9 million (corresponding period in 2017: approximately RMB127.5 million).

The salary and bonus policy of the Group is principally determined by the 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 US\$0.8 million and HK\$0.4 million.

SIGNIFICANT INVESTMENT HELD

The Group had invested in unlisted equity investments of RMB18.0 million representing 15% equity interest in an entity established in the PRC. The principal activities of the investee are manufacturing of mining machinery and provision of trading coal products services.

MATERIAL ACQUISITION AND DISPOSAL

During the Review Period, there was no material acquisition or disposal of subsidiaries and associated companies by the Group.

CONTINGENT LIABILITIES

- (a) On 19 January 2016, the Company received a Winding Up Petition filed by a bondholder of the Notes with the Court against the Company for the outstanding principal and interest due to the bondholder under the Notes. The hearing of the amended Winding Up Petition has been adjourned for substantive argument to a date to be fixed not earlier than April 2018.
- (b) Hidili China, a wholly-owned subsidiary of the Company, received a Notice of Court Action attaching 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 complaint 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, 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.

Management Discussion and Analysis (Continued)

- (c) Both of Sichuan Haohang and Sichuan Hidili received 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 ("2017 Plaintiff") filed a civil complaint 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.

As advised by the Company's legal advisor, 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 2018, the Group did not have any material contingent liabilities.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES

As at 30 June 2018, the Directors and chief executive of the Company had the following interests and/or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "SFO")) which are required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in the Rules Governing the Listing of Securities on the Stock Exchanges of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), to be notified to the Company and the Stock Exchange:

Name	Name of the entity	Number of issued ordinary shares held	Nature of interest	Approximate percentage of the issued share capital of the Company/ percentage of shareholding
Mr. Xian Yang ("Mr. Xian") (Note 1)	The Company	1,070,674,000 (L)	Founder and beneficiary of trust	52.34% (L)
Mr. Xian	Sanlian Investment Holding Limited ("Sanlian Investment")	1,000	Beneficial owner	100%
Mr. Sun Jiankun ("Mr. Sun") (Note 2)	The Company	19,380,000 (L)	Interest of controlled corporation	0.95% (L)
Mr. Sun	Able Accord Enterprises Limited ("Able Accord")	1,000	Beneficial owner	100%
Mr. Zhuang Xianwei	The Company	500,000 (L)	Beneficial owner	0.02% (L)

* (L)-Long position, (S)-Short position

Notes:

- The 1,070,674,000 shares of the Company are held by Sanlian Investment, the issued share capital of which is jointly held by Xian Yang No.1A Ltd. ("Xian Yang No.1A") and Sanlian No.1 Ltd. ("Sanlian No.1"). Mr. Xian is the only controlling shareholder of Xian Yang No.1A and Sanlian No.1. In 2011, Mr. Xian formed a discretionary trust, The Xian Yang Foundation 1, of which Sarasin Trust Company Guernsey Limited ("Sarasin Trust") was the trustee. Accordingly, Mr. Xian is deemed to be interested in the 1,070,674,000 shares held by Sanlian Investment by virtue of the SFO. Mr. Xian is also the sole director of Sanlian Investment.
- The 19,380,000 shares of the Company are held by Able Accord, the entire issued share capital of which is held by Mr. Sun. Accordingly, Mr. Sun is deemed to be interested in 19,380,000 shares held by Able Accord by virtue of the SFO. Mr. Sun is also a director of Able Accord.

Other Information (Continued)

Save as disclosed above, to the best knowledge of the Directors, as at 30 June 2018, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Saved as disclosed, at no time during the period was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, the following persons, other than the Directors and chief executive of the Company, had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name	Number of issued ordinary shares held*	Nature of interest	Approximate percentage of the issued share capital of the Company*
Sarasin Trust (Note 1)	546,043,740 (L)	Trustee	26.69% (L)
Xian Yang No. 1A (Note 1)	546,043,740 (L)	Interest of controlled corporation	26.69% (L)
Sanlian No. 1 (Note 1)	524,630,260 (L)	Interest of controlled corporation	25.65% (L)
Sanlian Investment (Note 1)	1,070,674,000 (L)	Beneficial owner	52.34% (L)
Mr. Xian (Note 1)	1,070,674,000 (L)	Interest of controlled corporation	52.34% (L)
Ms. Qiao Qian (Note 2)	1,070,674,000 (L)	Interest of spouse	52.34% (L)

* (L)-Long position, (S)-Short position

Notes:

- The entire issued share capital of Sanlian Investment is jointly owned by Xian Yang No.1A and Sanlian No.1. Mr. Xian is the only controlling shareholder of Xian Yang No.1A and Sanlian No.1. In 2011, Mr. Xian formed a discretionary trust, The Xian Yang Foundation 1, of which Sarasin Trust was the trustee. Accordingly, Mr. Xian is deemed to be interested in 1,070,674,000 shares of the Company held by Sanlian Investment by virtue of the SFO. Mr. Xian is the sole director of Sanlian Investment.
- Ms. Qiao Qian is the spouse of Mr. Xian. By virtue of the SFO, Ms. Qiao Qian is also deemed, as the spouse of Mr. Xian, to be interested in all the shares of the Company in which Mr. Xian is deemed to be interested.

Other Information (Continued)

Save as disclosed above, the Company has not been notified by any person (other than the Directors or the chief executive of the Company) who had/would have interests or short positions in the shares or underlying shares of the Company or its associated corporations of 5% or more which were required to be disclosed to the Company under Part XV of the SFO or which were recorded in the register kept by the Company under section 336 of the SFO.

AUDIT COMMITTEE

An audit committee was established on 25 August 2007 in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code (the “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 report, the audit committee consists of three independent non-executive Directors, namely, Mr. Sung Wing Sum (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 unaudited 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 code provisions set out in the Code during the Review Period. The Directors are aware of any information that reasonably reveals that there is any non-compliance with or derivation from the Code by the Company any time during 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 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, all Directors have confirmed their compliance with the required standards set out in the Model Code throughout the Review Period.

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.

By Order of the Board

Hidili Industry International Development Limited

Xian Yang

Chairman

Hong Kong
31 August 2018

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months Ended 30 June 2018

	Note	Six months ended 30 June	
		2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Revenue	4	663,855	379,587
Cost of sales		(420,279)	(291,119)
Gross profit		243,576	88,468
Other income, gains and losses	5	21,924	65,432
Distribution expenses		(58,969)	(31,946)
Administrative expenses		(64,341)	(87,473)
Share of loss of a joint venture		(9,287)	–
Finance costs	6	(200,477)	(203,130)
Loss before tax		(67,574)	(168,649)
Income tax expenses	7	(430)	(2,221)
Loss and total comprehensive expense for the period	8	(68,004)	(170,870)
Loss and total comprehensive expense for the period attributable to:			
– Owners of the Company		(68,004)	(170,870)
– Non-controlling interests		–	–
		(68,004)	(170,870)
Loss per share	10		
Basic (RMB cents)		(3)	(8)
Diluted (RMB cents)		(3)	(8)

Condensed Consolidated Statement of Financial Position

As at 30 June 2018

	Note	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	8,194,716	8,194,312
Prepaid lease payments		25,551	27,371
Interests in a joint venture		1,563,516	1,572,802
Available-for-sale investments		18,000	18,000
Long-term deposits		61,743	61,016
Restricted bank deposits		15	15
		9,863,541	9,873,516
CURRENT ASSETS			
Inventories		54,769	76,558
Bills and trade receivables	12(a)	209,649	91,472
Bills receivables discounted with recourse	12(b)	–	5,554
Other receivables and prepayments		346,920	340,635
Amount due from a joint venture		43,035	17,416
Pledged bank deposits		843	843
Bank and cash balances		16,555	22,554
		671,771	555,032
CURRENT LIABILITIES			
Bills and trade payables	13	387,663	398,085
Advances drawn on bills receivables discounted with recourse		–	5,554
Accruals and other payables		1,626,649	1,495,192
Tax payables		31,758	31,227
Senior notes		1,300,071	1,283,880
Bank and other borrowings	14	5,936,883	5,937,161
		9,283,024	9,151,099
NET CURRENT LIABILITIES		(8,611,253)	(8,596,067)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,252,288	1,277,449
NON-CURRENT LIABILITIES			
Provision for restoration and environmental costs		8,895	8,296
Other long-term payables	16	6,361	6,361
Finance lease payables		62,354	20,110
Deferred tax liabilities		8,025	8,025
		85,635	42,792
NET ASSETS		1,166,653	1,234,657
CAPITAL AND RESERVES			
Share capital	15	197,506	197,506
Reserves		939,233	1,007,237
Equity attributable to owners of the Company		1,136,739	1,204,743
Non-controlling interests		29,914	29,914
TOTAL EQUITY		1,166,653	1,234,657

Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2018

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Special reserve	Statutory surplus reserve	Future development fund	Share option reserve	Other reserve	Accumulated losses	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2018 (audited)	197,506	2,935,794	695,492	451,303	109,346	240,542	(99,070)	(3,326,170)	1,204,743	29,914	1,234,657	
Loss and total comprehensive expense for the period	-	-	-	-	-	-	-	(68,004)	(68,004)	-	(68,004)	
At 30 June 2018 (unaudited)	197,506	2,935,794	695,492	451,303	109,346	240,542	(99,070)	(3,394,174)	1,136,739	29,914	1,166,653	
At 1 January 2017 (audited)	197,506	2,935,794	695,492	451,303	109,346	240,542	(99,070)	(2,251,308)	2,279,605	32,807	2,312,412	
Loss and total comprehensive expense for the period	-	-	-	-	-	-	-	(170,870)	(170,870)	-	(170,870)	
At 30 June 2017 (unaudited)	197,506	2,935,794	695,492	451,303	109,346	240,542	(99,070)	(2,422,178)	2,108,735	32,807	2,141,542	

Condensed Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2018

	Note	Six months ended	
		30.6.2018 RMB'000 (unaudited)	30.6.2017 RMB'000 (unaudited)
Net cash from operating activities		87,582	39,102
Net cash used in investment activities			
Additions to property, plant and equipment	11	(48,757)	(37,494)
Withdrawal of pledged and restricted bank deposits		-	462
		(48,757)	(37,032)
Net cash used in financing activities			
New bank and other borrowings raised	14	344,000	100,000
Repayment of bank and other borrowings	14	(344,000)	(5,157)
Interest paid		(44,824)	(110,393)
		(44,824)	(15,550)
Net decrease in cash and cash equivalents		(5,999)	(13,480)
Cash and cash equivalents at 1 January		22,554	22,176
Cash and cash equivalents at 30 June		16,555	8,696

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2018

1. GENERAL

Hidili Industry International Development Limited 恒鼎實業國際發展有限公司 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. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Room 1306, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong. 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 Sarasin Trust Company Guernsey Limited, which is controlled by Mr. Xian Yang, the executive directors of the Company. The Company acts as investment holding company and its subsidiaries are engaged in coal mining and sale of raw coal and clean coal.

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. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current interim period, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2018. IFRSs comprise International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current interim period.

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

3. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

In preparing these condensed consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities position of approximately RMB8,611 million as at 30 June 2018 and incurred loss of approximately RMB68.0 million for the six months ended 30 June 2018.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2018

3. BASIS OF PREPARATION (Continued)

During the year ended 31 December 2015, 2016 and 2017, the Group has breach several loans covenants, including: (i) repayment of a short-term unsecured loan from a PRC bank which fell due in June 2015 of approximately RMB311 million; (ii) repayment of the outstanding principal and accrued interest of the Notes of approximately USD191 million (equivalent to RMB1,300 million) which fell due on 4 November 2015 and (iii) repayment of a loan from a PRC bank which fell due on August 2016 with default interest payment of approximately RMB268 million. The aforesaid breaches constitute events of default under certain of the Group's loan facilities that contain cross-default provisions. In addition, certain other loan agreements of the Group provide that the lenders have the right to demand immediate repayment of any outstanding amount if the Group experiences material financial crises or other material adverse changes, the business of the Group deteriorates, or there occurs any event that could adversely affect lenders' interest or suggests the Group inability to repay any outstanding amount. Therefore, it is possible that the lenders to the Group could accelerate their loans as a result of breach of the other loans to the Group.

The Group intended to pursue a consensual restructuring with the Holders (the "Debt Restructuring") and the Steering Committee has been formed in December 2015. On 19 January 2016, the Company received the Winding Up Petition filed by a bondholder of the Notes with the High Court of Hong Kong against the Company for the outstanding principal and interest due to the bondholder under the Notes. On 11 March 2016, the Company provided Holders with the key indicative terms of a proposed restructuring of the Notes.

On 18 January 2017, the Company, the Steering Committee and the Onshore Creditors Committee have entered into a term sheet in relation to the proposed restructuring of the onshore and offshore indebtedness of the Company (the "Termsheet").

Regarding the execution of the Termsheet, the Holders and the Lending Banks have agreed to standstill and not take action against the Company until 31 March 2017 to allow all parties to formulate the formal documentation and thereafter extend the standstill in accordance with the terms of the formal documentation.

The hearing of the Amended Winding Up Petition has been adjourned for substantive argument to a date to be fixed not earlier than April 2018.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2018

3. BASIS OF PREPARATION *(Continued)*

In order to improve the Group's financial position, to provide liquidity and cash flows and sustain the Group as a going concern, the Group has been implemented a number of measures, including but not limited to:

- (i) The Group is negotiating with banks to roll over the loan repayments and extend repayment of interests;
- (ii) The Group is negotiating with its lenders to restructure of their debt to equity;
- (iii) The Group is looking for potential investor to invest to the Group;
- (iv) The Group is looking for opportunity for disposal of certain assets of the Group.

In addition, the Group is currently focusing on the integration of coal mines and strengthening its operations of production and sales of clean coal, and the management is also implementing cost-saving measures to improve its operating cash flows and financial position.

On the basis that the Group can successfully complete the Debt Restructuring and certain measures as mentioned above to improve its operating results and cash flows, the Directors of the Company believe that the Group will have sufficient funds to finance its current working capital requirements in the next twelve months from the end of the reporting date. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2018

4. REVENUE AND SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. Information reported to the chief operating decision maker (i.e. the executive directors) for the purposes of resource allocation and performance assessment focuses on the Group's business operations, which is the basis upon which the Group is organised.

The Group's reportable and operating segments under IFRS 8 are comprised of coal mining and others. The management identifies the Group's segments by the nature of the Group's operation.

Principal activities are as follows:

- Coal mining – Production and sales of raw coal, clean coal and its by-products
- Others – Manufacture and sales of magnetic powder, alloy pig iron and others

Segments revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:–

	Six months ended 30 June 2018 (unaudited)		
	Coal mining RMB'000	Others RMB'000	Total RMB'000
REVENUE			
External	663,855	–	663,855
RESULTS			
Segment profit	198,442	–	198,442
Other income, gains and losses			8,089
Administrative expenses			(64,341)
Share of loss of a joint venture			(9,287)
Finance costs			(200,477)
Loss before tax			(67,574)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2018

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segments revenues and results (Continued)

	Six months ended 30 June 2017 (unaudited)		
	Coal mining RMB'000	Others RMB'000	Total RMB'000
REVENUE			
External	379,587	–	379,587
RESULTS			
Segment profit	83,589	–	83,589
Other income, gains and losses			38,365
Administrative expenses			(87,473)
Finance costs			(203,130)
Loss before tax			(168,649)

Segment profit represents profit incurred by each segment without allocation of other income, gains and losses, administrative expenses, share of loss of a joint venture and finance costs. This is the measure reported to the chief operating decision maker (i.e. the executive directors of the Company) for the purpose of resource allocation and assessment of segment performance.

5. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Interest income	276	449
Government grant	9,879	18,413
Exchange (loss) gain	(16,672)	31,566
Reversal of impairment of inventory	–	8,654
Reversal of impairment of receivables	3,956	–
Written back of over-provision for other taxes	20,353	–
Others	4,132	6,350
	21,924	65,432

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2018

6. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expenses on borrowings wholly repayable within five years:		
– bank and other borrowings	191,985	201,675
– advances drawn on bills receivables discounted	8,492	1,455
	200,477	203,130

7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
PRC EIT	430	2,221

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.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2018

8. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging the following items:		
Release of prepaid lease payments	1,820	961
Provision for restoration and environmental costs	599	346
Depreciation of property, plant and equipment	53,519	39,006
Directors' remunerations	1,039	1,297
Salaries and other benefits	190,908	124,566
Retirement benefits scheme contribution	1,926	1,601
Total staff costs	193,873	127,464

9. DIVIDENDS

No dividends were paid, declared or proposed for the six months ended 30 June 2018 and 2017 or since the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2018

10. 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	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share		
Loss for the period attributable to owners of the Company	(68,004)	(170,870)
	Six months ended 30 June	
	2018	2017
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	2,045,598	2,045,598

The computation of diluted loss per share for the six months ended 30 June 2018 and 2017 does not assume the conversion of the Company's convertible loan notes and the exercise of the Company's share options since their assumed conversion and exercise would result in a decrease in loss per share.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2018

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group paid approximately RMB3.8 million (six months ended 30 June 2017: RMB0.4 million) and RMB45.0 million (six months ended 30 June 2017: RMB36.6 million) on acquisition of property, plant and equipment and construction in progress, respectively.

Pursuant to Notices issued by Panzihua Government and Liupanshui Government in October 2013 and September 2013, respectively (collectively “Mines Restructuring Plans”), Panzihua Government and Liupanshui Government had formulated mines restructuring plans to improve productivity and safety of coal mining operations. The Group’s mines located in Guizhou province and Sichuan province with carrying amounts as at 30 June 2018 of approximately RMB7,219 million (six months ended 30 June 2017: RMB7,286 million), which including mining structures and mining rights and construction in progress, are subject to the mines restructuring scheme and hence have to comply with the Mines Restructuring Plans.

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.

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Aged:		
0-90 days	101,219	90,972
91-120 days	24,118	498
121-180 days	50,375	2
181-365 days	33,937	–
	209,649	91,472

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2018

12. BILLS AND TRADE RECEIVABLES AND BILLS RECEIVABLES DISCOUNTED WITH RECOURSE (Continued)

(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 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
0-90 days	-	5,554

13. BILLS AND TRADE PAYABLES

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Aged:		
0-90 days	44,335	49,770
91-180 days	37,953	28,600
181-365 days	154,394	203,105
Over 365 days	150,981	116,610
	387,663	398,085

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2018

14. BANK AND OTHER BORROWINGS

	30.6.2018	31.12.2017
	RMB'000	RMB'000
	(unaudited)	(audited)
Secured bank loans	5,816,959	5,817,237
Unsecured bank loans	119,924	119,924
	5,936,883	5,937,161

The bank and other borrowings are repayable as follows:

	30.6.2018	31.12.2017
	RMB'000	RMB'000
	(unaudited)	(audited)
Carrying amount of bank borrowings repayable within one year	5,936,883	5,937,161

During the current interim period, the Group obtained new borrowings in an aggregate amount of RMB344 million (for the six months ended 30 June 2017: RMB100 million) and repaid borrowings in an aggregate amount of RMB344 million (for the six months ended 30 June 2017: RMB5.2 million). As at 30 June 2018, loan amounting to RMB3,204 million carries interest at fixed rates ranging from 3.00% to 11.50% per annum. The remaining loans carry interest at variable market rates ranging from 3.68% to 5.70% per annum. The proceeds were used to finance the acquisition of property, plant and equipment, repayment of existing debts and for general working capital purpose of the Group.

15. SHARE CAPITAL

	Number of shares	Amount	Amount
		HK\$'000	RMB'000
Ordinary shares of HK\$0.1 each			
Issued and fully paid:			
As at 1 January 2017, 30 June 2017, 1 January 2018 and 30 June 2018	2,045,598,000	204,560	197,506

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2018

16. OTHER LONG TERM PAYABLES

	30.6.2018 RMB'000 (unaudited)	31.12.2017 RMB'000 (audited)
Other long term payables comprise:		
Consideration payable for mining right (Note)	33,541	33,541
Less: Amount due within one year shown under current liabilities (included in other payables and accrued expenses)	(27,180)	(27,180)
	6,361	6,361

Note: Pursuant to the mining right agreements entered into between the Group and the relevant government authorities of the PRC from 2008 to 2011, the consideration payables for the mining rights in respect of the mining sites located at Guizhou Province carried interest at prevailing market rates and are repayable in instalments over two to ten years. The effective interest rate is 4.35% (2015: 4.35%) per annum.

17. CAPITAL COMMITMENTS

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	352,275	383,096
The Group's share of the capital commitment made jointly with its joint venture, Yunnan Dongyuan Hidili Coal Industry Company Limited, is as follows:		
Commitment for the acquisition of property, plant and equipment	119,761	135,171

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2018

18. PLEDGE OF ASSETS

At the end of the reporting period, the Group pledged the following assets to banks for credit facilities granted to the Group:

	30.6.2018 RMB'000 (unaudited)	31.12.2017 RMB'000 (audited)
Property, plant and equipment	3,539,489	3,542,865
Bank deposits	843	843
	3,540,332	3,543,708

19. RELATED PARTY DISCLOSURES

In addition to the balances with related parties set out in the condensed consolidated statement of financial position, during the period, the Group entered into the following transactions with related parties:

(I) Transactions:

As at 30 June 2018, the director, Mr. Xian Yang guaranteed bank borrowings of approximately RMB4,287 million (31 December 2017: RMB4,287 million).

(II) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Short-term benefits	1,039	1,297
Post-employment benefits	29	41
	1,068	1,338