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Hidili Industry International Development Limited
恒鼎實業國際發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01393)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

	2024	2023	Change
	RMB'000	RMB'000	%
Revenue	2,174,206	2,449,011	(11.2%)
Gross Profit	141,488	270,849	(47.8%)
Loss Before Tax	(616,718)	(732,162)	15.8%
Loss Attributable to the Owners of the Company	(634,361)	(746,192)	15.0%
Adjusted EBITDA	(13,251)	(86,254)	84.6%
Basic Loss per Share (<i>RMB cents</i>)	(13.77)	(18.74)	26.5%

The Board does not propose the payment of any final dividend.

The board (the “**Board**”) of directors (the “**Directors**”) of Hidili Industry International Development Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2024 (the “**Year**”), which have been agreed by the auditor of the Company, together with the comparative figures for the corresponding period in 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	2,174,206	2,449,011
Cost of sales		<u>(2,032,718)</u>	<u>(2,178,162)</u>
Gross profit		141,488	270,849
Interest revenue		17,278	15,573
Other income	5	31,526	53,267
Other gains and losses	6	(26,407)	(55,009)
Distribution expenses		(209,682)	(216,571)
Administrative expenses		(252,702)	(315,475)
Share of loss of an associate		(6)	(556)
Share of loss of a joint venture		(38,813)	(225,178)
Finance costs	7	<u>(279,400)</u>	<u>(259,062)</u>
Loss before tax		(616,718)	(732,162)
Income tax expense	8	<u>(19,224)</u>	<u>(18,216)</u>
Loss and total comprehensive expenses for the year	9	<u>(635,942)</u>	<u>(750,378)</u>
Loss and total comprehensive expenses for the year attributable to:			
Owners of the Company		(634,361)	(746,192)
Non-controlling interests		<u>(1,581)</u>	<u>(4,186)</u>
		<u>(635,942)</u>	<u>(750,378)</u>
Loss per share	11		
Basic (RMB cents)		(13.77)	(18.74)
Diluted (RMB cents)		<u>(13.77)</u>	<u>(18.74)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	<i>15</i>	8,765,014	9,118,511
Right-of-use assets		17,558	17,446
Interests in an associate		44,016	44,022
Interests in a joint venture		1,078,412	1,117,225
Equity investments at fair value through other comprehensive income		5,500	5,500
Long-term deposits		14,404	14,259
Derivative financial assets		–	29,205
Goodwill		1,427	1,600
		<u>9,926,331</u>	<u>10,347,768</u>
CURRENT ASSETS			
Inventories		275,003	470,855
Bills and trade receivables	<i>12(a)</i>	452,565	486,641
Bills receivables discounted with recourse	<i>12(b)</i>	10,000	12,463
Other receivables and prepayments		814,127	808,985
Amount due from a joint venture		394,281	321,033
Pledged bank deposits		822	821
Bank and cash balances		22,079	46,654
		<u>1,968,877</u>	<u>2,147,452</u>
CURRENT LIABILITIES			
Bills and trade payables	<i>13</i>	723,085	748,675
Contract liabilities		368,569	331,806
Advances drawn on bills receivables discounted with recourse		10,000	12,463
Accruals and other payables		2,410,720	2,097,949
Lease liabilities		5,895	3,883
Tax payables		40,018	29,914
New USD Senior Notes		575,922	–
Bank borrowings		5,559,314	4,256,311
		<u>9,693,523</u>	<u>7,481,001</u>
NET CURRENT LIABILITIES		<u>(7,724,646)</u>	<u>(5,333,549)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,201,685</u>	<u>5,014,219</u>

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Bank borrowings	–	1,363,403
Other payables	–	289,980
Provision for restoration and environmental costs	16,724	15,445
New USD Senior Notes	–	541,834
Lease liabilities	13,822	15,808
Deferred tax liabilities	11,731	12,771
Preferred Shares	1,048,012	1,027,640
	<u>1,090,289</u>	<u>3,266,881</u>
NET ASSETS	<u>1,111,396</u>	<u>1,747,338</u>
CAPITAL AND RESERVES		
Share capital	421,298	421,298
Reserves	669,913	1,304,274
	<u>1,091,211</u>	<u>1,725,572</u>
Equity attributable to owners of the Company	1,091,211	1,725,572
Non-controlling interests	20,185	21,766
	<u>1,111,396</u>	<u>1,747,338</u>
TOTAL EQUITY	<u>1,111,396</u>	<u>1,747,338</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company 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 of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of the principal place of business of the Company is Room 1306, 13th Floor, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong. The Company acts as investment holding company and its subsidiaries are engaged in mining and sale of raw coal and clean coal.

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 Trident Trust Company (Singapore) Pte. Limited, which is controlled by Mr. Xian Yang (who passed away on 10 September 2024), the then chairman and executive director of the Company. As at the date of the approval of the consolidated financial statements, the spouse of Mr. Xian Yang, Ms. Qiao Qian (“**Ms. Qiao**”) had engaged legal counsel to process her application for the inheritance of Mr. Xian Yang’s estate.

The Group’s principal operations are conducted in the People’s Republic of China (the “**PRC**”). The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

2. GOING CONCERN BASIS

For the year ended 31 December 2024, the Group incurred a loss of approximately RMB635,942,000 and had net current liabilities of approximately RMB7,724,646,000. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least twelve months from 31 December 2024, taking into account the following plans and measures:

- (a) The Group is negotiating with banks and relevant financial institution to roll over the loan repayments and extend repayment of interests;
- (b) The Group is negotiating with offshore creditors for constructive and feasible repayment proposals;
- (c) The Group is planning on disposal of certain assets;
- (d) The Group expects that its operations will continue to improve liquidity and profitability; and
- (e) The Group will continue to take active measures to control administrative and production costs.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of not less than twelve months from 31 December 2024. In the opinion of the directors, considering the anticipated cash inflows from operations, the implementation of cost control measures, and the above-mentioned plans and measures, the Group will have sufficient financial resources to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2024. Accordingly, the directors are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, material uncertainties exist as to whether the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern depends upon the following:

- (i) the successful negotiation with banks and relevant financial institution to roll over the loan repayments and extend repayment of interests;
- (ii) the successful negotiation with offshore creditors for constructive and feasible repayment proposals;
- (iii) the successful disposal of certain assets of the Group;
- (iv) the successful outcome that keep to improve the liquidity and profitability of the Group; and
- (v) the successful outcome that certain measures to control the administrative and production costs.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ACCOUNTING STANDARDS ("IFRS ACCOUNTING STANDARDS")

In the current year, the Group has adopted all the new and revised IFRS Accounting Standards issued by International Accounting Standards Board ("IASB") that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. IFRS Accounting Standards comprise International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and Interpretations. The adoption of these new and revised IFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior year.

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

4. REVENUE AND SEGMENT INFORMATION

The Group's operation is solely derived from the production and sales of clean coal and its by-products. For the purpose of resources allocation and performance assessment, the chief operating decision maker reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

An analysis of the Group's revenue from its major products is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of coal and its by-products		
Clean coal	2,014,686	2,206,940
High-ash thermal coal	153,798	239,520
Others	5,722	2,551
	<u>2,174,206</u>	<u>2,449,011</u>
Revenue from contracts with customers	<u>2,174,206</u>	<u>2,449,011</u>

Disaggregation of revenue from contracts with customers:

Time of revenue recognition

All timing of revenue recognition is at a point of time for the years ended 31 December 2024 and 2023.

Geographical information

All of the Group's turnover are derived from the operation in the PRC and all the customers of the Group are located in the PRC. In addition, all of the Group's non-current assets are located in the PRC. Therefore, no geographical information is presented.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	479,333	*141,070
Customer B	219,237	*_
Customer C	*200,400	384,167
Customer D	*_	320,796
Customer E	*28,641	320,008
Customer F	*66,697	255,415
	<u>66,697</u>	<u>255,415</u>

Note: Revenue from the above customers representing revenue from sales of clean coal

* Revenue from these customers did not exceed 10% of the total revenue during the year. These amounts were shown for comparative purpose.

5. OTHER INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Government subsidies (<i>Note</i>)	9,488	15,286
Others	<u>22,038</u>	<u>37,981</u>
	<u><u>31,526</u></u>	<u><u>53,267</u></u>

Note: The amounts represent incentives received from government regarding renovation of mechanisation and informatisation.

6. OTHER GAINS AND LOSSES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Allowance for loss allowance recognised on trade receivables	(6,985)	(6,800)
Net reversal of impairment of other receivables and prepayments	15,079	19,111
Losses on disposal of property, plant and equipment	(2,163)	(28,551)
Impairment loss of goodwill	(173)	–
Waiver of other payables	979	3,583
Fair value change on derivative financial assets	(29,205)	(512,629)
Provision for litigation	–	(9,600)
Fair value change on financial assets at fair value through profit or loss	–	(77)
Net exchange losses	(30,103)	(108,789)
Others	26,164	3,954
Gain on bargain purchases by acquisition of an associate	–	14,578
Gain on offshore debt restructuring	<u>–</u>	<u>570,211</u>
	<u><u>(26,407)</u></u>	<u><u>(55,009)</u></u>

7. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest expenses on borrowings:		
– bank and other borrowings	270,913	240,200
– advances drawn on bills receivable discounted	<u>7,338</u>	<u>17,734</u>
	278,251	257,934
Interest expenses on lease liabilities	<u>1,149</u>	<u>1,128</u>
	<u><u>279,400</u></u>	<u><u>259,062</u></u>

8. INCOME TAX EXPENSE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax:		
PRC Enterprise Income Tax (“EIT”)	20,264	18,216
Deferred taxation	<u>(1,040)</u>	<u>–</u>
Income tax expense for the year	<u><u>19,224</u></u>	<u><u>18,216</u></u>

Under the Law of PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for 2024 and 2023.

The Company is not subject to any income tax expense in the Cayman Island as the Cayman Islands levies no tax on the income of the Company (2023: Nil).

No provision for Hong Kong Profits Tax has been made as the Group’s income neither arises in, nor is derived from Hong Kong (2023: Nil).

9. LOSS FOR THE YEAR

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss for the year has been arrived at after charging:		
Provision for restoration and environmental costs	1,279	1,404
Depreciation and amortisation of property, plant and equipment	293,315	265,608
Depreciation of right-of-use assets	<u>10,620</u>	<u>7,608</u>

10. DIVIDENDS

No dividend was proposed for the year ended 31 December 2024 and 2023 or since the end of the reporting period.

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

Loss

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss for the purposes of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	<u><u>(634,361)</u></u>	<u><u>(746,192)</u></u>

Number of shares

	2024 <i>'000</i>	2023 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>4,605,259</u>	<u>3,981,123</u>

The effect of all potential ordinary shares is anti-dilutive for the years ended 31 December 2024 and 2023.

12. BILLS AND TRADE RECEIVABLES AND BILLS RECEIVABLES DISCOUNTED WITH RECOURSE

(a) Bills and trade receivables

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	533,359	521,204
Less: allowance for doubtful debts	<u>(84,794)</u>	<u>(77,809)</u>
	448,565	443,395
Bills receivables	<u>4,000</u>	<u>43,246</u>
	<u>452,565</u>	<u>486,641</u>

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 aged analysis of trade receivables and bills receivables, net of allowances presented based on the invoice date at the end of the reporting period, which approximately respective revenue recognition dates is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Aged:		
0 – 90 days	221,605	246,004
91 – 120 days	642	24,712
121 – 180 days	40,247	72,168
181 – 365 days	41,974	100,237
Over 365 days	<u>144,097</u>	<u>274</u>
	<u>448,565</u>	<u>443,395</u>

(b) Bills receivables discounted with full 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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Aged:		
0 – 120 days	–	2,463
121 – 180 days	<u>10,000</u>	<u>10,000</u>
	<u>10,000</u>	<u>12,463</u>

13. BILLS AND TRADE PAYABLES

The aged analysis of the Group's bills and trade payables based on invoice date at the end of the reporting period is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Aged:		
0 -90 days	44,080	213,147
91 – 180 days	81,217	6,921
181 – 365 days	93,211	6,506
Over 365 days	<u>504,577</u>	<u>522,101</u>
	<u>723,085</u>	<u>748,675</u>

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

14. CAPITAL COMMITMENTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	<u>438,224</u>	<u>555,564</u>

The Group's share of the capital commitments made jointly with other ventures relating to its joint venture, 雲南東源恒鼎煤業有限公司 (Yunnan Dongyuan Hidili Coal Industry Company Limited*), is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Commitments to contribute funds for the acquisition of property, plant and equipment	<u>32,240</u>	<u>31,259</u>

15. PROPERTY, PLANT AND EQUIPMENT

Pursuant to Notices issued by Panzhihua Government and Liupanshui Government in October 2013 and September 2013, respectively (collectively “**Mine Restructuring Plans**”), Panzhihua 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 31 December 2024 of approximately RMB7,282 million (2023: approximately RMB7,626 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.

16. EVENT AFTER THE REPORTING PERIOD

On 31 January 2025, the New USD Senior Notes amounting to USD76,501,000 held by Hidili Scheme Company Limited (the “**Creditor SPV**”) as an added measure of protection to the creditors that elected to joint the share placement programme (the “**SPP**”) (the “**SPP Participants**”) matured.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2024:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the material uncertainty relating to the going concern basis described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Material uncertainties relating to going concern

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss of approximately RMB635,942,000 for the year ended 31 December 2024 and as at 31 December 2024 the Group had net current liabilities of RMB7,724,646,000. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon (i) the successful negotiation with banks and relevant financial institution to roll over the loan repayments and extend repayment of interests, (ii) the successful negotiation with offshore creditors for constructive and feasible repayment proposals, (iii) the successful disposal of certain assets of the Group, (iv) the successful outcome that keep to improve the liquidity and profitability of the Group and (v) the successful outcome that certain measures to control the administrative and production costs. The consolidated financial statements do not include any adjustments that would result from the failure to negotiate with banks and relevant financial institution to roll over the loan repayments and extend repayment of interests, the failure to negotiate with offshore creditors for constructive and feasible repayment proposals; the failure to disposal of certain assets of the Group, the failure to improve the liquidity and profitability of the Group and the failure to control the administrative and production costs.

We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of sufficient appropriate audit evidence in relation to the negotiations with banks, relevant financial institution and offshore creditors and the disposal of the Group's assets and the future action plans and measures regarding the improvement on the Group's liquidity and profitability and the control of the Group's administrative and production costs. Because of the significance of the matters above, we disclaim our opinion as to whether the use of the going concern assumption in the preparation of the consolidated financial statements is appropriate.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover

During the Year, turnover of the Group amounted to approximately RMB2,174.2 million, representing a slight decrease of approximately 11.2%, as compared to that of approximately RMB2,449.0 million in 2023. During the Year, the sales volume recorded for clean coal amounted to approximately 1,296,000 tonnes, maintained at similar level to that of approximately 1,306,000 tonnes in 2023. The average selling price for the Year for clean coal decreased a bit from approximately RMB1,690.4 per tonne in 2023 to that of RMB1,554.3 per tonne in the Year, representing a decrease of approximately 8.1%.

The following table sets forth the Group's turnover contribution, sales volume and average selling price by products for the Year, together with the comparative amounts for 2023:

	2024			2023		
	Turnover	Sales Volume	Average Selling Price	Turnover	Sales Volume	Average Selling Price
	<i>RMB'000</i>	<i>(thousand tonnes)</i>	<i>(RMB/Tonne)</i>	<i>RMB'000</i>	<i>(thousand tonnes)</i>	<i>(RMB/Tonne)</i>
Principal products						
Clean coal	<u>2,014,686</u>	1,296.2	1,554.3	<u>2,206,940</u>	1,305.6	1,690.4
By-products						
High-ash thermal coal	<u>153,798</u>	864.8	177.8	<u>239,520</u>	1,130.4	211.9
Other products						
Others	<u>5,722</u>			<u>2,551</u>		
Total turnover	<u>2,174,206</u>			<u>2,449,011</u>		

Cost of sales

Cost of sales for the Year was approximately RMB2,032.7 million, representing a decrease of approximately RMB145.5 million or 6.7%, as compared to that of approximately RMB2,178.2 million in 2023.

The following table illustrates the production volume of the principal products in Sichuan and Guizhou provinces:

	2024 <i>(Thousand tonnes)</i>	2023 <i>(Thousand tonnes)</i>	Change %
Raw coal			
Sichuan province	256	241	6.2%
Guizhou province	<u>3,886</u>	<u>4,500</u>	(13.6%)
	<u>4,142</u>	<u>4,741</u>	(12.6%)
Clean coal			
Sichuan province	137	65	110.8%
Guizhou province	<u>1,213</u>	<u>1,282</u>	(5.4%)
	<u>1,350</u>	<u>1,347</u>	0.2%

During the Year, the Company continued the comprehensive review of the production process and enhancement of capacity under full scale production of the coal mines in Guizhou province in order to release further production capacity. Both variable and fixed production costs such as material, fuel and power, staff costs and manufacturing overheads cannot be well absorbed by low level of production. Hence, unit production cost still remained at relatively high level. Following the review, the Company targets a higher growth in the production volume of both raw coal and clean coal in 2025 and scales down production costs.

Material, fuel and power costs for the Year were approximately RMB576.8 million, representing a decrease of approximately RMB30.4 million, or approximately 5.0%, as compared to that of approximately RMB607.2 million in 2023.

Staff costs for the Year were approximately RMB814.2 million, representing a decrease of approximately RMB10.5 million or 1.3%, as compared to that of approximately RMB824.7 million in 2023.

Depreciation and amortization for the Year were approximately RMB219.3 million, representing a decrease of approximately RMB15.2 million, or approximately 6.5%, as compared to that of approximately RMB234.5 million in 2023. The decrease was in line with the decrease in production volume of raw coal and clean coal.

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

	2024	2023
	<i>RMB per tonne</i>	<i>RMB per tonne</i>
Coal mining		
Cash cost	368	352
Depreciation and amortisation	50	48
	<hr/>	<hr/>
Total raw coal production cost	418	400
	<hr/> <hr/>	<hr/> <hr/>
Average cost of clean coal	1,421	1,541
	<hr/> <hr/>	<hr/> <hr/>

Gross profit

As a result of the foregoing, the Company reported a gross profit of approximately RMB141.5 million for the Year, representing a decrease of approximately RMB129.3 million or approximately 47.7%, as compared to that of approximately RMB270.8 million in 2023. The gross profit margin was approximately 6.5% as compared to that of approximately 11.1% in 2023.

Other income

Other income for the Year amounted to approximately RMB31.5 million, representing a decrease of approximately RMB21.8 million or approximately 40.9%, as compared to that of approximately RMB53.3 million in 2023.

Other gains and losses

The Company recorded other losses of approximately RMB26.4 million for the Year as compared to that of approximately RMB55.0 million in 2023. The decrease was mainly attributable to the decrease in net exchange losses and losses on disposal of property, plant and equipment of approximately RMB78.7 million and RMB26.4 million respectively but off set by the net effect on the decrease in the fair value change on derivative financial assets of approximately RMB483.4 million and gain on offshore debt restructuring of approximately RMB570.2 million occurred in 2023.

Distribution expenses

Distribution expenses for the Year were approximately RMB209.7 million, representing a slight decrease of approximately RMB6.9 million or approximately 3.2%, as compared to that of approximately RMB216.6 million in 2023. The decrease was mainly in line with the decrease in sales volume of clean coal during the Year.

Administrative expenses

Administrative expenses for the Year were approximately RMB252.7 million, representing a decrease of approximately RMB62.7 million, or approximately 19.9%, as compared to that of approximately RMB315.4 million in 2023. The decrease was mainly attributable to the decrease in general administrative costs during the Year.

Finance costs

Finance costs for the Year amounted to approximately RMB279.4 million, maintained at the similar level as compared with approximately RMB259.1 million in 2023.

Income tax expense

Income tax expense for the Year amounted to approximately RMB19.2 million, representing provision for EIT of approximately RMB20.3 million and deferred tax credit of RMB1.0 million respectively for the Year as compared to the provision for EIT of approximately RMB18.2 million in 2023.

Loss for the year

As a result of the foregoing, loss for the Year was approximately RMB635.9 million, representing a decrease of approximately RMB114.5 million or approximately 15.3%, as compared to that of approximately RMB750.4 million in 2023.

Adjusted EBITDA

The following table illustrates the Group's adjusted EBITDA for the Year. The Group's adjusted EBITDA margin was (0.6%) for the Year as compared with (3.5%) in 2023:

	2024	2023
	RMB'000	RMB'000
Loss before tax	(616,718)	(732,162)
Adjusted for:		
– Allowance for loss allowance recognised on trade receivables	6,985	6,800
– Net reversal of impairment of other receivables and prepayments	(15,079)	(19,111)
– Waive of other payables	(979)	(3,585)
– Gain on debt restructuring	–	(570,211)
– Fair value change on derivative financial assets	29,205	512,629
– Impairment of interests in a joint venture	–	187,108
	(596,586)	(618,532)
Finance costs	279,400	259,062
Depreciation and amortisation	303,935	273,216
Adjusted EBITDA	<u>(13,251)</u>	<u>(86,254)</u>

Liquidity, financial resources and capital structure

As at 31 December 2024, the Group incurred net current liabilities of approximately RMB7,724.6 million as compared to approximately RMB5,333.5 million at 31 December 2023.

As at 31 December 2024, the bank balances and cash of the Group amounted to approximately RMB22.1 million (2023: approximately RMB46.7 million).

As at 31 December 2024, the bank borrowings repayable within one year of the Group were approximately RMB5,559.3 million (2023: repayable within one year and after one year of approximately RMB4,256.3 million and RMB1,363.4 million respectively). As at 31 December 2024, loans amounting to RMB5,537.6 million carry interest at a fixed rate of 4.275% per annum. The remaining loans carry interest at variable market rates of 4% per annum.

The gearing ratio (calculated as the aggregate of total bank borrowings, senior notes and preferred shares divided by total assets) of the Group as at 31 December 2024 was 60.4% (2023: 57.5%).

Debt Restructuring

During the Year, the Company continued the negotiations with onshore banks and relevant financial institution to roll over the loan repayments and extend repayment of interests. Certain onshore banks and relevant financial institution are undergoing their internal review and approval. The Company believes that the bank borrowings will be renewed by 2025 under proper commercial terms and no immediate repayment will be required. The Company will closely follow up the progress and speed up the negotiation with the respective onshore banks and relevant financial institution for the renewal of loan agreements.

On 31 January 2025, the New USD Senior Notes held by the Creditor SPV being an added measure of protection to the SPP Participants matured. Regarding the SPP, no sale of the shares held under SPP (the “**SPP Shares**”) was completed since the implementation of the SPP on 31 March 2023. The SPP will be ended up by 31 March 2026. In the meantime, the Company approached the SPP Participants for constructive arrangement for the buyback of the SPP Shares and feasible repayment proposals.

Pledge of assets of the Group

As at 31 December 2024, the Group pledged assets in an aggregate amount of approximately RMB4,457 million (2023: RMB4,891 million) to banks for credit facilities.

Employees and remuneration policies

As at 31 December 2024, the number of employees of the Group amounted to 9,319 as compared to 9,682 employees at 31 December 2023. Accordingly, the staff costs (including directors' remuneration in the form of salaries and other allowances) amounted to approximately RMB987.7 million (2023: RMB1,003.6 million).

The salary and bonus policy of the Group is principally determined by the qualification, performance and working experience of the individual employee and with reference to prevailing market conditions.

Final dividend

The Board does not recommend the payment of any final dividend for the Year.

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. Accordingly, the Group was only exposed to exchange rate risk arising from the foreign currency bank balances of approximately USD0.2 million and HKD0.1 million during the Year.

Significant investments held

During the Year, the Group did not hold any significant investments.

Material acquisition and disposal of subsidiaries, associates and joint ventures

During the Year, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

Future Plans for Material Investment and Capital Assets

During the Year, the Group does not have any material plans for material investment and capital assets.

Contingent liabilities

- (a) 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 (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 (the “**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 Industry Co., Ltd. (“**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.
- (b) Both of Sichuan Haohang Trading Company Limited (“**Sichuan Haohang**”) and Sichuan Hidili received a Notice of Court Action attaching the writ of summons (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 (the “**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 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 31 December 2024, the Group did not have any material contingent liabilities.

Continuing connected transaction

During the year, rental expenses amounting to RMB0.7 million were paid to Mr. Xian Jilun, father of Mr. Xian Fan, an executive director of the Company, for the leasing of the Company’s head office located at 16th Floor, Dingli Mansion, No. 81 Renmin Road, Panzhihua, Sichuan province, the PRC. The rent paid by the Company is determined with reference to the market rent of comparable properties in the market.

Save as disclosed above, as at 31 December 2024, the Group did not have any material continuing connected transaction.

IMPORTANT CHANGES TO THE GROUP'S MANAGEMENT AND BOARD OF DIRECTORS

Mr. Xian Yang, the Group's founder and former chairman and executive director, passed away on 10 September 2024. Mr. Xian Yang made tremendous contributions to the establishment and leadership on the development of the Group.

With effect from 12 September 2024, Mr. Xian Fan was appointed as chairman and executive director of the Company and Ms. Qiao was appointed as non-executive director of the Company. The Board will uphold strategies and directions formulated by Mr. Xian Yang and continue to lead the Group in a stable pace of development.

OUTLOOK

Since 2022, the Company has put great effort in the review of production upgrade and process optimization in order to speed up the release of production capacity in the coal mines in Guizhou province. Raw coal production remained at a low production scale during the year. Both variable and fixed production costs such as material, fuel and power, staff costs and manufacturing overheads cannot be well absorbed by low level of production. Hence, the unit production cost still remained at relatively high level. On the other hand, the coking coal market remained fluctuating. Accordingly, it deteriorated the operating margin of the Company and brought along with a decrease in gross profit of approximately RMB141.5 million during the Year as compared to approximately RMB270.8 million in 2023. To amid the challenge, the Company is in the progress of implementing various active and effective measures to strengthen the production process. The Company's production started to ramp up in the second half of 2024. And, preliminary cost saving in both operating and general administrative overheads was achieved during the Year. With the enlarging scale of production in 2025, the Board considers the liquidity can be improved and the overall financial, business and trading position of the Company will remain healthy.

OTHER INFORMATION

Audit committee

An audit committee of the Company (“**Audit Committee**”) was established on 25 August 2007 in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code (the “**Corporate Governance 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.

As of the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely, Mr. Chan Shiu Yuen Sammy (Chairman), Mr. Huang Rongsheng and Ms. Xu Manzhen.

The Audit Committee has reviewed together with the management 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 consolidated financial statements of the Group for the year ended 31 December 2024.

Corporate governance

The Board is of the view that the Company has complied with the provisions of the Corporate Governance Code during the Year. No Director is aware of any information that reasonably reveals that there is any non-compliance with the Corporate Governance Code by the Company during any time of the Year.

Model code for securities transactions by the Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own Code for Securities Transactions by the Directors (the “**Code**”). All Directors have confirmed their compliance throughout the Year with the required standards set out in the Model Code and the Code.

Purchase, sale 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 year ended 31 December 2024.

Publication of the final results and annual report of the Company

This annual results announcement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (<http://www.hidili.com.cn>). The annual report of the Company for the year ended 31 December 2024 will be despatched to shareholders of the Company and published on the aforementioned websites in due course.

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

Hong Kong
31 March 2025

As at the date hereof, the executive Directors are Mr. Xian Fan (Chairman), Mr. Sun Jiankun and Mr. Zhaung Xianwei, the non-executive Director is Ms. Qiao Qian and the independent non-executive Directors are Mr. Chan Shiu Yuen Sammy, Mr. Huang Rongsheng and Ms. Xu Manzhen.