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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 2025

FINANCIAL HIGHLIGHTS

	2025	2024	Change
	RMB'000	RMB'000	%
Revenue	1,939,193	2,174,206	(10.8%)
Gross Profit	175,693	141,488	24.2%
Loss Before Tax	(619,525)	(616,718)	0.5%
Loss Attributable to the Owners of the Company	(623,029)	(634,361)	(1.8%)
Adjusted EBITDA	173,103	(13,251)	1,406.3%
Basic Loss per Share (RMB cents)	(13.53)	(13.77)	(1.7%)

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 2025 (the “**Year**”), which have been agreed by the auditor of the Company, together with the comparative figures for the corresponding period in 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		2025	2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	1,939,193	2,174,206
Cost of sales		<u>(1,763,500)</u>	<u>(2,032,718)</u>
Gross profit		175,693	141,488
Interest revenue		26,702	17,278
Other income	5	34,172	31,526
Other gains and losses	6	(46,342)	(26,407)
Distribution expenses		(150,502)	(209,682)
Administrative expenses		(295,604)	(252,702)
Share of loss of an associate		(230)	(6)
Share of loss of a joint venture		(52,475)	(38,813)
Finance costs	7	<u>(310,939)</u>	<u>(279,400)</u>
Loss before tax		(619,525)	(616,718)
Income tax expense	8	<u>(3,555)</u>	<u>(19,224)</u>
Loss and total comprehensive expenses for the year	9	<u>(623,080)</u>	<u>(635,942)</u>
Loss and total comprehensive expenses for the year attributable to:			
Owners of the Company		(623,029)	(634,361)
Non-controlling interests		<u>(51)</u>	<u>(1,581)</u>
		<u>(623,080)</u>	<u>(635,942)</u>
Loss per share	11		
Basic (<i>RMB cents</i>)		(13.53)	(13.77)
Diluted (<i>RMB cents</i>)		<u>(13.53)</u>	<u>(13.77)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	<i>15</i>	8,606,755	8,765,014
Right-of-use assets		38,396	17,558
Investment in an associate		43,786	44,016
Interests in a joint venture		1,025,937	1,078,412
Equity investment at fair value through other comprehensive income		5,500	5,500
Long-term deposits		14,673	14,404
Goodwill		–	1,427
		<u>9,735,047</u>	<u>9,926,331</u>
CURRENT ASSETS			
Inventories		196,073	275,003
Bills and trade receivables	<i>12(a)</i>	328,497	452,565
Bills receivables discounted with recourse	<i>12(b)</i>	–	10,000
Other receivables and prepayments		822,056	814,127
Amount due from a joint venture		482,058	394,281
Pledged bank deposits		711	822
Bank and cash balances		43,065	22,079
		<u>1,872,460</u>	<u>1,968,877</u>
CURRENT LIABILITIES			
Bills and trade payables	<i>13</i>	735,363	723,085
Contract liabilities		340,926	368,569
Advances drawn on bills receivables discounted with recourse		–	10,000
Accruals and other payables		2,713,556	2,410,720
Lease liabilities		11,071	5,895
Tax payables		39,458	40,018
New USD Senior Notes		625,839	575,922
Bank borrowings		5,546,119	5,559,314
		<u>10,012,332</u>	<u>9,693,523</u>
NET CURRENT LIABILITIES		<u>(8,139,872)</u>	<u>(7,724,646)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,595,175</u>	<u>2,201,685</u>

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Other payables	26,247	–
Provision for restoration and environmental costs	18,112	16,724
Lease liabilities	29,934	13,822
Deferred tax liabilities	10,379	11,731
Preferred shares	<u>1,022,187</u>	<u>1,048,012</u>
	<u>1,106,859</u>	<u>1,090,289</u>
NET ASSETS	<u>488,316</u>	<u>1,111,396</u>
CAPITAL AND RESERVES		
Share capital	421,298	421,298
Reserves	<u>46,884</u>	<u>669,913</u>
Equity attributable to owners of the Company	468,182	1,091,211
Non-controlling interests	<u>20,134</u>	<u>20,185</u>
TOTAL EQUITY	<u>488,316</u>	<u>1,111,396</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 coking coal mining and sale of clean coal and its by-products.

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 (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 2025, the Group incurred a loss of approximately RMB623,080,000 and had net current liabilities of approximately RMB8,139,872,000. 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 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 2025, 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 have reviewed the Group's cash flow projections, which cover a period of not less than twelve months from 31 December 2025. 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 2025. 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 would continue improving the liquidity and profitability of the Group; and
- (v) the successful outcome of 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 IFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards Accounting Standards ("**IFRS Accounting Standards**") issued by International Accounting Standards Board (the "**IASB**") that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Sales of coal and its by-products		
Clean coal	1,776,601	2,014,686
High-ash thermal coal	156,926	153,798
Others	<u>5,666</u>	<u>5,722</u>
Revenue from contracts with customers	<u><u>1,939,193</u></u>	<u><u>2,174,206</u></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 2025 and 2024.

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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer A	441,946	479,333
Customer B	<u>–</u>	<u>219,237</u>

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

5. OTHER INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Government grant (<i>note</i>)	16,027	9,488
Others	<u>18,145</u>	<u>22,038</u>
	<u><u>34,172</u></u>	<u><u>31,526</u></u>

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

6. OTHER GAINS AND LOSSES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss allowance recognised on trade receivables	(85,717)	(6,985)
(Impairment)/net reversal of impairment of other receivables and prepayments	(10,459)	15,079
Losses on disposal of property, plant and equipment	(3,076)	(2,163)
Impairment loss of goodwill	(1,427)	(173)
Waiver of other payables	1,281	979
Fair value change on derivative financial assets	–	(29,205)
Net exchange gains/(losses)	37,426	(30,103)
Others	<u>15,630</u>	<u>26,164</u>
	<u><u>(46,342)</u></u>	<u><u>(26,407)</u></u>

7. FINANCE COSTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest expenses on borrowings:		
– bank and other borrowings	304,310	270,913
– advances drawn on bills receivable discounted	<u>5,113</u>	<u>7,338</u>
	309,423	278,251
Interest expenses on lease liabilities	<u>1,516</u>	<u>1,149</u>
	<u><u>310,939</u></u>	<u><u>279,400</u></u>

8. INCOME TAX EXPENSE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax:		
PRC Enterprise Income Tax (“EIT”)	4,907	20,264
Deferred taxation	<u>(1,352)</u>	<u>(1,040)</u>
Income tax expense for the year	<u><u>3,555</u></u>	<u><u>19,224</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 2025 and 2024.

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 (2024: 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 (2024: Nil).

9. LOSS FOR THE YEAR

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss for the year has been arrived at after charging:		
Provision for restoration and environmental costs	1,388	1,279
Depreciation and amortisation of property, plant and equipment	373,602	293,315
Depreciation of right-of-use assets	<u>13,192</u>	<u>10,620</u>

10. DIVIDENDS

No dividend was proposed for the year ended 31 December 2025 and 2024 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

	2025 <i>RMB'000</i>	2024 <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>(623,029)</u></u>	<u><u>(634,361)</u></u>

Number of shares

	2025 '000	2024 '000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>4,605,259</u>	<u>4,605,259</u>

The effect of all potential ordinary shares is anti-dilutive for the years ended 31 December 2025 and 2024.

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

(a) Bills and trade receivables

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	493,239	533,359
Less: allowance for doubtful debts	<u>(170,511)</u>	<u>(84,794)</u>
	322,728	448,565
Bills receivables	<u>5,769</u>	<u>4,000</u>
	<u>328,497</u>	<u>452,565</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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Aged:		
0 – 90 days	179,454	221,605
91 – 120 days	1,638	642
121 – 180 days	8,682	40,247
181 – 365 days	10,333	41,974
Over 365 days	<u>122,621</u>	<u>144,097</u>
	<u>322,728</u>	<u>448,565</u>

(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:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Aged:		
121 – 180 days	<u>–</u>	<u>10,000</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:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Aged:		
0 – 90 days	70,612	44,080
91 – 180 days	57,589	81,217
181 – 365 days	22,709	93,211
Over 365 days	<u>584,453</u>	<u>504,577</u>
	<u>735,363</u>	<u>723,085</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

	2025	2024
	<i>RMB'000</i>	<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>417,768</u>	<u>438,224</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:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Commitments to contribute funds for the acquisition of property, plant and equipment	<u>30,553</u>	<u>32,240</u>

15. PROPERTY, PLANT AND EQUIPMENT

Pursuant to Notices issued by Panzihua Government and Liupanshui Government in October 2013 and September 2013, respectively (collectively “**Mine 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 31 December 2025 of approximately RMB7,164 million (2024: approximately RMB7,282 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.

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 2025:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit 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 Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Scope limitation relating to appropriateness of the going concern basis of accounting

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss of approximately RMB623,080,000 for the year ended 31 December 2025 and as at 31 December 2025 the Group had net current liabilities of RMB8,139,872,000. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on a going concern basis. The directors of the Company adopted several measures together with other measures in progress as described in note 2 to the consolidated financial statements to mitigate the liquidity pressure and improve its financial position and cash flows.

In respect of the Group is negotiating with banks and relevant financial institution to roll over the loan repayments and extend repayment of interests and negotiating with offshore creditors for constructive and feasible repayment proposals, we were advised by management that the Group is still in negotiations, no definite agreements have been reached between the Group and banks, relevant financial institution and offshore creditors. Accordingly, we were unable to obtain sufficient appropriate audit evidence that we considered necessary to evaluate the Group's ability to roll over the loan repayments and extend repayment of interests.

In respect of the planning on disposal of certain assets, improvement on liquidity and profitability and control administrative and production costs, management was unable to provide us with sufficient information about the details of the plan, including the detailed timetable and actions to be implemented because of the unpredictable market changes. Accordingly, we were unable to obtain sufficient appropriate audit evidence that we considered necessary to evaluate the Group's ability to dispose the assets, improvement on liquidity and reduce the costs.

In view of the above scope limitation, there were no other alternative procedures that we could perform to satisfy ourselves that the Group would be able to implement its plans and measures, as a result, we were unable to obtain sufficient appropriate evidence we considered necessary to conclude whether the use of the going concern basis of accounting to prepare 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 RMB1,939.2 million, representing a slight decrease of approximately 10.8%, as compared to that of approximately RMB2,174.2 million in 2024. During the Year, the sales volume of clean coal amounted to approximately 1,598,000 tonnes, representing an increase of approximately 23.3% as compared to that of approximately 1,296,000 tonnes in 2024. However, the demand in the coking coal market remained weak, and prices continued to be under pressure, the average selling price of clean coal decreased from approximately RMB1,554.3 per tonne in 2024 to that of RMB1,111.6 per tonne in the Year, representing a decrease of approximately 28.5%.

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 2024:

	2025			2024		
	Turnover <i>RMB'000</i>	Sales Volume <i>(thousand tonnes)</i>	Average Selling Price <i>(RMB/ Tonne)</i>	Turnover <i>RMB'000</i>	Sales Volume <i>(thousand tonnes)</i>	Average Selling Price <i>(RMB/ Tonne)</i>
Principal products						
Clean coal	<u>1,776,601</u>	1,598.3	1,111.6	<u>2,014,686</u>	1,296.2	1,554.3
By-products						
High-ash thermal coal	<u>156,926</u>	1,069.3	146.8	<u>153,798</u>	864.8	177.8
Other products						
Others	<u>5,666</u>			<u>5,722</u>		
Total turnover	<u><u>1,939,193</u></u>			<u><u>2,174,206</u></u>		

Cost of sales

Cost of sales for the Year was approximately RMB1,763.5 million, representing a decrease of approximately RMB269.2 or 13.2%, as compared to that of approximately RMB2,032.7 million in 2024.

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

	2025 <i>(Thousand tonnes)</i>	2024 <i>(Thousand tonnes)</i>	Change %
Raw coal			
Sichuan province	252	256	(1.6%)
Guizhou province	<u>5,163</u>	<u>3,886</u>	32.9%
	<u><u>5,415</u></u>	<u><u>4,142</u></u>	30.7%
Clean coal			
Sichuan province	93	137	(32.1%)
Guizhou province	<u>1,520</u>	<u>1,213</u>	25.3%
	<u><u>1,613</u></u>	<u><u>1,350</u></u>	19.5%

After years of investment in mechanized mining and enhancement in production process in the Company's coal mines, the production volume of raw coal and clean coal of the Company recorded a significant increase during the Year. Raw coal and clean coal production volume amounted to approximately 5,415,000 tonnes and 1,613,000 tonnes respectively, representing an increase of approximately 30.7% and 19.5% respectively.

In addition, the Company continued to adopt budgetary control over production overheads and reallocation of resources among coal mines during the Year. It resulted in further reduction in production costs. Both variable and fixed production costs such as material, fuel and power, staff costs and manufacturing overheads achieved a better absorption. The unit production cost of raw coal and clean coal amounted to approximately RMB274 per tonne and RMB1,038 per tonne respectively, representing decrease of approximately 34.4% and 27.0% respectively, as compared to that of approximately RMB418 per tonne and RMB1,421 per tonne respectively in 2024.

Material, fuel and power costs for the Year were approximately RMB462.6 million, representing a decrease of approximately RMB114.2 million, or approximately 19.8%, as compared to that of approximately RMB576.8 million in 2024. Benefiting from improved utilization rates and enhanced production efficiency, raw material consumption has been significantly reduced.

Staff costs for the Year were approximately RMB592.5 million, representing a decrease of approximately RMB221.7 million or 27.2%, as compared to that of approximately RMB814.2 million in 2024. During the Year, the Company continued to streamline its structure and further reduced headcount, effectively saving on staff costs.

Depreciation and amortization for the Year were approximately RMB245.2 million, representing an increase of approximately RMB25.9 million, or approximately 11.8%, as compared to that of approximately RMB219.3 million in 2024. The increase was in line with the increase in production volume of raw coal and clean coal.

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

	2025	2024	Change
	<i>RMB per tonne</i>	<i>RMB per tonne</i>	<i>%</i>
Coal mining			
Cash cost	229	368	(37.8%)
Depreciation and amortization	45	50	(10.0%)
Total raw coal production cost	<u>274</u>	<u>418</u>	(34.4%)
Average cost of clean coal	<u>1,038</u>	<u>1,421</u>	(27.0%)

Gross profit

As a result of the foregoing, the Company reported a gross profit of approximately RMB175.7 million for the Year, representing an increase of approximately RMB34.2 million or approximately 24.2%, as compared to that of approximately RMB141.5 million in 2024. The gross profit margin was approximately 9.1% as compared to that of approximately 6.5% in 2024.

Other income

Other income for the Year amounted to approximately RMB34.2 million, maintained at similar level, as compared to that of approximately RMB31.5 million in 2024.

Other gains and losses

The Company incurred other losses of approximately RMB46.3 million for the Year as compared to other losses of approximately RMB26.4 million in 2024. The increase was mainly due to the increase in loss allowance recognised on trade receivables and impairment of other receivables and prepayments of approximately RMB78.7 million and RMB25.5 million respectively, but offset by the increase in net effect in exchange gains of approximately RMB67.5 million.

Distribution expenses

Distribution expenses for the Year were approximately RMB150.5 million, representing a decrease of approximately RMB59.2 million or approximately 28.2%, as compared to that of approximately RMB209.7 million in 2024. The decrease was mainly attributable to the decrease in sales channel expenses during the Year.

Administrative expenses

Administrative expenses for the Year were approximately RMB295.6 million, representing an increase of approximately RMB42.9 million, or approximately 17.0%, as compared to that of approximately RMB252.7 million in 2024. The increase was mainly attributable to the increase in coal mines resources administrative costs in Guizhou province in relation to staff layoff and reallocation of coal mines resources during the Year.

Finance costs

Finance costs for the Year amounted to approximately RMB310.9 million, representing an increase of approximately RMB31.5 million, or approximately 11.3%, as compared with approximately RMB279.4 million in 2024. The increase was mainly attributable to the provision of New USD Senior Notes interest expenses payable to the creditors participating in the share placement programme (the “SPP”).

Income tax expense

Income tax expense for the Year amounted to approximately RMB3.6 million, representing provision for EIT of approximately RMB4.9 million and deferred tax credit of RMB1.4 million respectively for the Year as compared to approximately RMB20.3 million and RMB1.0 million respectively in 2024.

Loss for the year

As a result of the foregoing, loss for the Year was approximately RMB623.1 million, representing a decrease of approximately RMB12.8 million or approximately 2.0%, as compared with approximately RMB635.9 million in 2024.

Adjusted EBITDA

The following table illustrates the Group's adjusted EBITDA for the Year. The Group's adjusted EBITDA margin was 8.9% for the Year as compared with (0.6%) in 2024:

	2025	2024
	RMB'000	RMB'000
Loss before tax	(619,525)	(616,718)
Adjusted for:		
– Loss allowance recognised on trade receivables	85,717	6,985
– Impairment/(net reversal of impairment) of other receivables and prepayments	10,459	(15,079)
– Waive of other payables	(1,281)	(979)
– Fair value change on derivative financial assets	<u>–</u>	<u>29,205</u>
	(524,630)	(596,586)
Finance costs	310,939	279,400
Depreciation and amortisation	386,794	<u>303,935</u>
Adjusted EBITDA	<u>173,103</u>	<u>(13,251)</u>

Liquidity, financial resources and capital structure

As at 31 December 2025, the Group incurred net current liabilities of approximately RMB8,139.9 million as compared to approximately RMB7,724.6 million at 31 December 2024.

As at 31 December 2025, the bank balances and cash of the Group amounted to approximately RMB43.1 million (2024: approximately RMB22.1 million).

As at 31 December 2025, the bank borrowings repayable within one year of the Group were approximately RMB5,546.1 million (2024: approximately RMB5,559.3 million). As at 31 December 2025, loans amounting to RMB5,534.5 million carry interest at a fixed rate of 4.28% per annum. The remaining loans carry interest at variable market rates of 4.0% 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 2025 was 62.0% (2024: 60.4%).

Debt Restructuring

In 2024, China Minsheng Bank Chengdu Branch (“**Minsheng Bank**”), Ping An Bank Chengdu Branch and Ping An Bank Kunming Branch (collectively “**Ping An Bank**”) (dominating around 70% of the Company’s bank borrowings) disposed their respective debts to a PRC financial institution (the “**PRC Financial Institution**”). Following the debt disposal by Minsheng Bank and Ping An Bank in 2024, the negotiations with the PRC Financial Institution and the onshore remaining lending banks (the “**Remaining PRC Lending Banks**”) were restarted in January 2025. Accordingly, preliminary repayment proposals were delivered to the PRC Financial Institution and the respective Remaining PRC Lending Banks for their internal consideration and approval. The Company proposed a substantial portion of onshore bank borrowings to be extended to a term over one year and within five years and the outstanding interests to be waived. The Company has held several negotiations with the PRC Financial Institution and the Remaining PRC Lending Banks for major commercial terms of the preliminary repayment proposals and update the recent financial position of the Company. As at the date of this announcement, no agreement has been reached regarding the repayment proposals. The Company will actively communicate and negotiate with all relevant parties to reach a consensus as soon as possible.

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 SPP (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 started to approach 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 2025, the Group pledged assets in an aggregate amount of approximately RMB4,376 million (2024: RMB4,457 million) to banks for credit facilities.

Employees and remuneration policies

As at 31 December 2025, the number of employees of the Group amounted to 6,508 as compared to 9,319 employees at 31 December 2024. Accordingly, the staff costs (including directors' remuneration in the form of salaries and other allowances) amounted to approximately RMB741.9 million (2024: RMB987.7 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 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

Save as disclosed in this announcement, the Group does not have other plans for material investment and capital assets during the Year.

Contingent liabilities

- (a) 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.
- (b) 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 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 2025, 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 2025, the Group did not have any material continuing connected transaction.

OUTLOOK

The Company has put great effort and capital expenditure in mechanized mining, production upgrade and process optimization in order to speed up the release of production capacity in the coal mines for years. During the Year, the Company achieved a further increase in production capacity with 30.7% growth in raw coal and 19.5% growth in clean coal respectively, reaching approximately 5,415,000 tonnes and 1,613,000 tonnes respectively. Both variable and fixed production costs such as material, fuel and power, staff costs and manufacturing overheads can be well absorbed by enlarged scale of production. The unit production costs experienced further reduction with raw coal at approximately RMB274 per tonne and clean coal at RMB1,038 per tonne respectively as compared to that of approximately RMB418 per tonne and RMB1,421 per tonne respectively in 2024, representing decrease of approximately of 34.4% and 27.0% respectively. However, affected by increased domestic coal production capacity and weak demand from steel mills, the market price of coking coal in Sichuan and Guizhou provinces has plummeted. It deteriorated the operating margin of the Company during the Year. To amid the challenge, the Company is actively communicating with existing and potential customers to secure sales volumes and strive for better commercial terms. On the other hand, the Company continues in implementing further active and effective measures to strengthen the production process and budgetary control in both operating and general administrative overheads.

Regarding the debt restructuring, the Company is actively communicating and negotiating the revised preliminary repayment proposals with relevant onshore banks and financial institute to speed up the finalization of renewal agreements of bank borrowings.

Accordingly, 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 Rongshen 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 2025.

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 10 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 2025.

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 2025 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 2026

As at the date hereof, the executive Directors are Mr. Xian Fan (Chairman), Mr. Sun Jiankun and Mr. Zhuang 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.