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YUE DA MINING HOLDINGS LIMITED

悦達礦業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 629)

CONTINUING CONNECTED TRANSACTIONS: TENANCY AGREEMENTS FOR STAFF QUARTERS

Reference is made to the Company's announcement dated 16 December 2015 in relation to the entering into by the Company of the 2016 STC Tenancy Agreement, the 2016 Dragon Tenancy Agreement and the 2016 Paterson Tenancy Agreement which constituted continuing connected transactions for the Company.

On 19 May 2017, the Company, as the tenant, entered into the 2017 Pearl Tenancy Agreement with Yue Da Enterprise, as the landlord of the Pearl Property for a term of nineteen months commencing from 1 June 2017.

The Company is owned as to 61.21% by Yue Da HK. Accordingly, Yue Da HK is a substantial shareholder of the Company. As both Yue Da HK and Yue Da Enterprise are wholly owned by Jiangsu Yue Da, Yue Da Enterprise is an associate of the Company and thus a connected person of the Company.

Pursuant to Rule 14A.82(1) of the Listing Rules, the transactions contemplated under the 2016 Tenancy Agreements and the 2017 Pearl Tenancy Agreement have to be aggregated and treated as if they were one transaction. Upon such aggregation, the relevant applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for each of the two financial years ending 31 December 2018, on an annual basis, do not exceed 5%. Accordingly, the transactions contemplated under the 2016 Tenancy Agreements the 2017 Pearl Tenancy Agreement (after such aggregation) is only subject to announcement and reporting requirements and is exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the Company's announcement dated 16 December 2015 in relation to the entering into by the Company of the 2016 STC Tenancy Agreement, the 2016 Dragon Tenancy Agreement and the 2016 Paterson Tenancy Agreement which constituted continuing connected transactions for the Company.

On 19 May 2017, the Company, as the tenant, entered into the 2017 Pearl Tenancy Agreement with Yue Da Enterprise, as the landlord of the Pearl Property, for a term of nineteen months commencing from 1 June 2017.

The 2017 Pearl Tenancy Agreement

Date:	19 May 2017
Parties:	(1) Yue Da Enterprise as landlord; and (2) the Company as tenant
Property:	The Pearl Property, the gross floor area of which is approximately 65 square metres
Term:	Commencing from 1 June 2017 and up to 31 December 2018 (both dates inclusive)
Rental and payment terms:	HK\$18,000 per month (excluding rates, management fees and utility charges), i.e. an annual rental of HK\$216,000. The rental shall be paid on a monthly basis and is payable on the first day of each and every month without any deduction.
Other terms:	If the Company has throughout the term of the 2017 Pearl Tenancy Agreement observed and performed all the terms and covenants on its part, it shall have an option to renew for three years by serving a written notice to Yue Da Enterprise not less than two months before the expiry of the said term. The tenancy agreement so renewed shall have the same terms as contained in the 2017 Pearl Tenancy Agreement save and except such option to renew and that the rental shall be revised to the then market rent. Yue Da Enterprise agrees to pay the government rent, property tax and all expenses of a capital or non-recurrent nature in respect of the Pearl Property.

REVISED AGGREGATE ANNUAL CAPS FOR THE RENTALS PAYABLE UNDER THE 2016 TENANCY AGREEMENTS AND 2017 PEARL TENANCY AGREEMENT FOR THE TWO FINANCIAL YEARS ENDING 31 DECEMBER 2018

The following table sets out (i) the aggregate annual rentals payable by the Company to Yue Da HK and Yue Da Enterprise (as the case may be) under the 2016 Tenancy Agreements and 2017 Pearl Tenancy Agreement for the two financial years ending 31 December 2018 and (ii) the expected aggregate annual caps in respect of such rentals:

	Year ending 31 December	
	2017 <i>(HK\$)</i>	2018 <i>(HK\$)</i>
Rentals payable under the 2016 STC Tenancy Agreement	3,120,000	3,120,000
Rentals payable under the 2016 Paterson Tenancy Agreement	240,000	240,000
Rentals payable under the 2016 Dragon Tenancy Agreement	180,000	180,000
Rentals payable under the 2017 Pearl Tenancy Agreement	126,000	216,000
Aggregate annual rentals payable	3,666,000	3,756,000
Aggregate Annual Caps	3,666,000	3,756,000

The above Revised Aggregate Annual Caps are determined in accordance with the rentals payable to Yue Da HK and Yue Da Enterprise under the 2016 Tenancy Agreements and 2017 Pearl Tenancy Agreement, which were arrived at after arm's length negotiation between the parties and determined with reference to (i) the previous rentals under the 2013 Tenancy Agreements; and (ii) the current market rent payable for a property similar to the subject property and of comparable utility. The Directors, including the independent non-executive Directors, are of the view that the above rentals are fair, reasonable and in line with the market level, hence the Revised Aggregate Annual Caps are fair and reasonable.

REASONS FOR ENTERING INTO THE 2017 PEARL TENANCY AGREEMENT

The Pearl Property has been used by the Company as its staff quarter since 2016. The Directors intend to continue using the Pearl Property as the Company's staff quarter.

The Directors, including the independent non-executive Directors, are of the view that

- (a) the terms of the 2017 Pearl Tenancy Agreement are negotiated between the parties on an arm's length basis and are on normal commercial terms that are fair and reasonable;
- (b) the transaction contemplated under the 2017 Pearl Tenancy Agreement was and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and
- (c) the terms of the 2017 Pearl Tenancy Agreement are no less favourable to the Company than terms available from independent third parties.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company is owned as to 61.21% by Yue Da HK. Accordingly, Yue Da HK is a substantial shareholder of the Company. Both Yue Da HK and Yue Da Enterprise are wholly owned by Jiangsu Yue Da. Accordingly, Yue Da Enterprise is an associate of the Company, hence a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

For such reasons, the respective transaction contemplated under each of the 2017 Pearl Tenancy Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.82(1) of the Listing Rules, the transactions contemplated under the 2016 Tenancy Agreements and 2017 Pearl Tenancy Agreement have to be aggregated and treated as if they were one transaction. Upon such aggregation, the relevant applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for each of the two financial years ending 31 December 2018, on an annual basis, do not exceed 5%. Accordingly, the transactions contemplated under the 2016 Tenancy Agreements and 2017 Pearl Tenancy Agreement (after such aggregation) is only subject to announcement and reporting requirements and is exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

Mr. Wang Lian Chun (the chairman of the board of Jiangsu Yue Da), Mr. Mao Naihe (the vice chairman of the board of Yue Da HK) and Mr. Qi Guangya (a non-executive Director and a director of Jiangsu Yue Da) abstained from voting on the relevant board resolution(s) approving the 2017 Pearl Tenancy Agreement and the Revised Aggregate Annual Caps.

GENERAL

The principal activities of the Group are exploration, mining, processing and sale of zinc, lead, iron and gold ores in the PRC.

Yue Da HK is the immediate holding company of the Company and is ultimately wholly owned by Jiangsu Yue Da, a State-owned enterprise established in the PRC. The principal businesses of Yue Da HK include investment holding.

The principal businesses of Yue Da Enterprise include investment holding and property investment. Yue Da Enterprise is the registered owner of the Pearl Property.

DEFINITIONS

“2016 Dragon Tenancy Agreement”	the agreement dated 16 December 2015 entered into between Yue Da Enterprise as landlord and the Company as tenant in relation to the leasing of the Dragon Property for a term of three years commencing from 1 January 2016 and up to 31 December 2018
“2016 Paterson Tenancy Agreement”	the agreement dated 16 December 2015 entered into between Yue Da Enterprise as landlord and the Company as tenant in relation to the leasing of the Paterson Property for a term of three years commencing from 1 January 2016 and up to 31 December 2018
“2016 STC Tenancy Agreement”	the agreement dated 16 December 2015 entered into between Yue Da HK as landlord and the Company as tenant in relation to the leasing of the STC Office for a term of three years commencing from 1 January 2016 and up to 31 December 2018
“2016 Tenancy Agreements”	collectively, the 2016 Dragon Tenancy Agreement, the 2016 Paterson Tenancy Agreement and the 2016 STC Tenancy Agreement
“2017 Pearl Tenancy Agreement”	the agreement dated 19 May 2017 entered into between Yue Da Enterprise as landlord and the Company as tenant in relation to the leasing of the Pearl Property for a term of nineteen months commencing from 1 June 2017 and up to 31 December 2018
“associate(s)”	having the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Company”	Yue Da Mining Holdings Limited (悦達礦業控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Dragon Property”	Flat A on 14/F of Dragon Centre, 9-11 Pennington Street, Causeway Bay, Hong Kong
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiangsu Yue Da”	Jiangsu Yue Da Group Company Limited (江蘇悅達集團有限公司), a State-owned enterprise established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Paterson Property”	Flat C2 on 9th Floor of Paterson Building, Block C and D, No. 37 Paterson Street, Hong Kong
“Pearl Property”	Flat C2 on 8th Floor of Pearl City Mansion, No. 22/36 Paterson Street, Hong Kong
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Revised Aggregate Annual Caps	the revised aggregate expected maximum amount of the transactions contemplated under the 2016 Tenancy Agreements and 2017 Pearl Tenancy Agreement for the two financial years ending 31 December 2018 as set out in the paragraph headed “Revised Aggregate Annual Caps for the rentals payable under the 2016 Tenancy Agreements and 2017 Pearl Tenancy Agreement for the two financial years ending 31 December 2018” in this announcement
“STC Office”	Office nos. 3321, 3322, 3323 and 3325 on 33rd Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Yue Da Enterprise”

Yue Da Enterprise Group (H.K.) Company Limited (悦達實業集團(香港)有限公司), a company incorporated under the laws of Hong Kong and an associate of the Company

“Yue Da HK”

Yue Da Group (H.K.) Co., Limited (悦達集團(香港)有限公司), a company incorporated under the laws of Hong Kong and a substantial shareholder of the Company

By Order of the Board of
Yue Da Mining Holdings Limited
Hu Huaimin
Executive Director and Chief Executive

Hong Kong, 19 May 2017

As at the date of this announcement, the Board comprises the following members: (a) as non-executive Directors, Mr. Wang Lian Chun and Mr. Qi Guang Ya; (b) as executive Directors, Mr. Mao Naihe, Mr. Hu Huaimin and Mr. Bai Zhaoxiang; and (c) as independent non-executive Directors, Mr. Cui Shu Ming, Dr. Liu Yongping and Mr. Cheung Ting Kee.