

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

Interim Results Announcement For the Six Months Ended 30th June, 2017

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Yue Da Mining Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30th June, 2017 (the “**Period**”) together with the comparative figures for the previous period as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30TH JUNE, 2017

		Six months ended	
		30.6.2017	30.6.2016
	<i>NOTES</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	32,590	41,419
Cost of sales		(19,742)	(36,753)
Gross profit		12,848	4,666
Other income		1,170	2,420
Other gains and losses	4	13,200	(748)
Impairment losses on assets	5	(143,004)	–
Administrative expenses		(23,227)	(24,115)
Finance costs	6	(6,489)	(6,231)
Loss before tax		(145,502)	(24,008)
Income tax credit (expense)	7	35,584	(1,152)
Loss and total comprehensive expense for the period	8	(109,918)	(25,160)
Loss and total comprehensive expense for the period attributable to:			
Owners of the Company		(76,047)	(24,957)
Non-controlling interests		(33,871)	(203)
		(109,918)	(25,160)
Loss per share	10		
– Basic		RMB(6.51) cents	RMB(2.72) cents
– Diluted		RMB(6.51) cents	RMB(2.72) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH JUNE, 2017

	<i>NOTES</i>	30.6.2017 RMB'000 (unaudited)	31.12.2016 <i>RMB'000</i> (audited)
Non-current Assets			
Property, plant and equipment		57,792	75,503
Prepaid lease payments		8,814	8,754
Mining rights		360,194	485,134
Goodwill		–	2,119
Long term deposits		12,422	12,422
Other receivables	<i>11</i>	30,928	49,727
		470,150	633,659
Current Assets			
Prepaid lease payments		280	371
Inventories		19,749	23,592
Trade and other receivables	<i>11</i>	67,142	55,173
Amount due from a director		88	–
Amounts due from related companies		1,955	2,031
Taxation receivable		224	224
Bank balances and cash		104,481	108,476
		193,919	189,867
Current Liabilities			
Trade and other payables	<i>12</i>	45,778	57,269
Amounts due to related companies		48,998	48,281
Amounts due to directors		339	317
Taxation payable		4,231	4,409
		99,346	110,276
Net Current Assets		94,573	79,591
Total Assets Less Current Liabilities		564,723	713,250

	<i>NOTE</i>	30.6.2017 <i>RMB'000</i> (unaudited)	31.12.2016 <i>RMB'000</i> (audited)
Capital and Reserves			
Share capital		105,965	105,965
Reserves		228,977	305,024
Equity attributable to owners of the Company		334,942	410,989
Non-controlling interests		28,196	62,067
Total Equity		363,138	473,056
Non-current Liabilities			
Corporate bonds		141,982	145,024
Provisions		2,324	2,307
Deferred tax liabilities		57,279	92,863
		201,585	240,194
		564,723	713,250

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2017

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2016.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group’s reportable and operating segment under HKFRS 8, based on information reported to the chief operating decision maker (“CODM”), represented by the executive directors, for the purposes of resource allocation and performance assessment is exploration, mining and processing of zinc, lead, iron and gold (“Mining Operations”).

The operating segment revenue from Mining Operations contributes the entire revenue of the Group. Reconciliation of the operating segment loss to loss before tax is as follows:

	Six months ended	
	30.6.2017	30.6.2016
	RMB'000	RMB'000
Mining Operations revenue	<u>32,590</u>	<u>41,419</u>
Segment losses	(142,529)	(12,641)
Other income	1,170	2,420
Other gains and losses		
– Net foreign exchange gains (losses)	1,957	(708)
– Gain (loss) on disposal of property, plant and equipment	1,710	(40)
– Gain on disposal of subsidiaries	6,948	–
– Imputed interest income on other receivables	2,585	–
Central administration costs	(10,854)	(6,808)
Finance costs	<u>(6,489)</u>	<u>(6,231)</u>
Loss before tax	<u>(145,502)</u>	<u>(24,008)</u>

Segment loss represents the loss from the segment without allocation of other income, other gains and losses as described above, central administration costs and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2017	30.6.2016
	RMB'000	RMB'000
Net foreign exchange gains (losses)	1,957	(708)
Gain (loss) on disposal of property, plant and equipment	1,710	(40)
Gain on disposal of subsidiaries (<i>Note 13</i>)	6,948	–
Imputed interest income on other receivables	<u>2,585</u>	<u>–</u>
	<u>13,200</u>	<u>(748)</u>

5. IMPAIRMENT LOSSES ON ASSETS

	Six months ended	
	30.6.2017	30.6.2016
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment losses on:		
– property, plant and equipment	17,398	–
– mining rights	123,487	–
– goodwill	2,119	–
	<u>143,004</u>	<u>–</u>

6. FINANCE COSTS

	Six months ended	
	30.6.2017	30.6.2016
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank borrowings wholly repayable within five years	–	496
Imputed interest on provision	17	16
Interest on corporate bonds	5,749	5,440
Interest on loan from related parties	723	279
	<u>6,489</u>	<u>6,231</u>

7. INCOME TAX EXPENSE (CREDIT)

	Six months ended	
	30.6.2017	30.6.2016
	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax		
– current period	<u>35,584</u>	<u>(1,152)</u>

The income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong. The applicable tax rates of those PRC mining subsidiaries ranged from 15% to 25% for the six months ended 30th June, 2017 (for the six months ended 30th June, 2016: 15% to 25%).

8. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD

	Six months ended	
	30.6.2017	30.6.2016
	<i>RMB'000</i>	<i>RMB'000</i>
Loss and total comprehensive expense for the period has been arrived at after charging (crediting) the following items:		
Amortisation of mining rights (included in cost of sales)	1,453	2,957
Depreciation of property, plant and equipment	2,163	2,896
Release of prepaid lease payments	216	185
Total depreciation and amortisation	3,832	6,038
Cost of inventories sold	18,290	33,796
Interest income from bank deposits	(526)	(26)

9. DIVIDEND

No dividend was paid, declared or proposed during six months ended 30th June, 2017. The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30th June, 2017.

10. LOSS PER SHARE

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

	Six months ended	
	30.6.2017	30.6.2016
	<i>RMB'000</i>	<i>RMB'000</i>
Loss		
Loss for the period attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	(76,047)	(24,957)
	<i>Number</i>	<i>Number</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	1,168,626,516	918,626,516

The computation of the diluted loss per share for both periods do not assume the exercise of the share options because they would result in reduction in loss per share.

11. TRADE AND OTHER RECEIVABLES

	30.6.2017 RMB'000	31.12.2016 RMB'000
Current		
Trade receivables	5,499	5,723
Bills receivables	4,766	12,346
Advance payments to suppliers	2,308	1,135
Deposits paid for investments (<i>Note i</i>)	33,169	26,685
Loan receivable (<i>Note ii</i>)	19,324	6,529
Other receivables and prepayments	2,076	2,755
	67,142	55,173
Non-current		
Deposits paid for investments (<i>Note i</i>)	12,371	18,624
Loan receivables (<i>Note ii</i>)	18,557	31,103
	30,928	49,727
	98,070	104,900

Notes:

- (i) As at 30th June, 2017, aggregate deposits of US\$7 million (approximately RMB48,680,000) (31st December 2016: US\$7 million (approximately RMB45,567,000)) have been paid to the Vendor (as defined below) (the “Deposits”).

During the year ended 31st December, 2013, a wholly owned subsidiary of the Company, Yue Da Mining Limited (“YDM”), entered into an acquisition agreement (the “Acquisition Agreement”) with an independent third party (“Vendor”). Pursuant to the Acquisition Agreement, YDM conditionally agreed to acquire and the Vendor conditionally agreed to sell (i) the entire issued share capital of two companies which are incorporated in the British Virgin Islands (the “Target Companies”) and (ii) the shareholder loans as at the completion date of the Acquisition Agreement of the Target Companies, at a consideration of US\$34 million (subject to any downward adjustments). The Target Companies have entered into sale and purchase agreements to acquire the entire capital of a company incorporated in Vietnam (the “Vietnam Company”) which is principally engaged in the exploration of the certain mines in Vietnam which contain ilmenite, zircon, rutile and monazite ore resources. Pursuant to the Acquisition Agreement, the Deposits are secured by the charges over the entire issued share capital in the Target Companies and the mortgage over the shares of the Vietnam Company in favour of YDM. As certain conditions precedent to the Acquisition agreement were not fulfilled on 15th November, 2014 (and the long stop date was not further extended), the acquisition was terminated on the same date.

During the six months ended 30th June, 2017, YDM and the Vendor have entered into a settlement agreement (the “Deposits Settlement Agreement”) for the repayment of the Deposits. Pursuant to the Deposits Settlement Agreement, the Vendor shall forthwith pay YDM the sum of US\$2 million, representing partial refund of the Deposits on or before 31st May, 2017 (the “Partial Refund”). Upon the Vendor’s fulfilment of his obligation under the Partial Refund, YDM agrees to give the Vendor the following concessions: (1) YDM will not claim from the Vendor interest on the Deposits up to the date of Deposits Settlement Agreement, and (2) YDM shall release the mortgage over 60% of the share of the Vietnam Company by YDM. Provided that the Vendor fully complies with his obligations under the Partial Refund, YDM agrees to give the Vendor that the Vendor may defer refund payment to YDM of the remaining balance of US\$5 million, by four instalments in accordance with the following timetable:

US\$’000

Repayment date

30th September, 2017	1,000
31st December, 2017	1,000
30th June, 2018	1,000
31st December, 2018	2,000
	5,000

Based on the assessment by the management and taking into account the change of the repayment period, a loss of change in repayment period of RMB3,371,000 was recognised for the second half year of the year ended 31st December, 2016. As at 30th June, 2017, the aggregate carrying amount of the Deposits was RMB45,540,000 (31st December, 2016: RMB45,309,000). As the Deposits are carried at amortised cost, an imputed interest of RMB1,361,000 is recognised as other income in profit or loss during the six months ended 30th June, 2017 (for the six months ended 30th June, 2016: nil).

- (ii) YDM entered into a loan agreement on 21st January, 2013 and subsequent supplemental agreement on 30th January, 2013 (collectively referred to as the “Loan Agreements”) with Mineral Land Holdings Limited (“Mineral Land”), an independent third party, whereby YDM provided to Mineral Land a loan facility of up to US\$16 million (approximately RMB100,500,000). US\$8 million was drawn by Mineral Land since the Loan Agreements had been entered into. The facility is secured by a pledge of 60% equity interest in a company incorporated in Vietnam and is also guaranteed by an independent third party.

During the year ended 31st December, 2015, partial repayment of US\$2 million (approximately RMB12,773,000) was received from Mineral Land. As at 31st December, 2016, the principal amount of the outstanding loan owed by Mineral Land was US\$6 million (approximately RMB41,622,000) (2015: US\$6 million (approximately RMB38,962,000)).

After various negotiation between YDM and Mineral Land during the year ended 31st December, it is expected that the repayment schedule of loan is as follows:

	<i>US\$'000</i>
Repayment date	
31st December, 2017	1,000
30th June, 2018	2,000
31st December, 2018	3,000
	6,000

Based on the assessment by the management and taking into account the change of the repayment period, a loss of RMB3,990,000 was recognised for the second half year of the year ended 31st December, 2016. As at 30th June, 2017, the aggregate carrying amount of the outstanding loan owed by Mineral Land was RMB37,881,000 (31st December, 2016: RMB37,632,000). As the outstanding loan owed by Mineral Land is carried at amortised cost, an imputed interest of RMB1,224,000 is recognised as other income in profit or loss during the six months ended 30th June, 2017 (for the six months ended 30th June, 2016: nil).

The Group allows its trade customers an average credit period of 60 – 90 days. The following is an aged analysis of trade receivables and bills receivables, presented based on the invoice date at the end of the reporting period:

	30.6.2017 <i>RMB'000</i>	31.12.2016 <i>RMB'000</i>
0 – 60 days	8,699	7,678
61 – 120 days	–	2,486
121 – 180 days	–	6,236
Over 180 days	1,566	1,669
	10,265	18,069

12. TRADE AND OTHER PAYABLES

	30.6.2017 <i>RMB'000</i>	31.12.2016 <i>RMB'000</i>
Trade payables	6,407	9,063
Other payables	39,371	48,206
	45,778	57,269

The average credit period on purchases of goods is 60 days. The following is an aged analysis of trade payables, presented based on the invoice date at the end of the reporting period.

	30.6.2017 RMB'000	31.12.2016 <i>RMB'000</i>
0 – 60 days	1,940	4,809
61 – 120 days	342	820
Over 120 days	4,125	3,434
	<u>6,407</u>	<u>9,063</u>

13. DISPOSAL OF SUBSIDIARIES

On 19th May, 2017, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with the third party (“Purchaser”) pursuant to which the Group has agreed to sell and the Purchaser has conditionally agreed to acquire the 100% equity interest in Long Grand Investments Limited (“Long Grand”). The total consideration for the disposal is RMB3,050,000. The principal assets of the Long Grand is its investment in a wholly owned subsidiary, Zhen’an County Daqian Mining Development Co., Ltd. The disposal was completed during the six months ended 30th June, 2017.

The following are the assets and liabilities disposed of on the date of completion:

	<i>RMB'000</i>
Net liabilities disposed of:	
Property, plant and equipment	59
Inventories	449
Trade and other receivables	1,591
Trade and other payables	(5,997)
	<u>(3,898)</u>
Gain on disposal	6,948
	<u>3,050</u>
Total consideration	<u><u>3,050</u></u>
Satisfied by:	
Deferred consideration (included in other receivables and prepayments)	300
Cash	2,750
	<u><u>3,050</u></u>
Net cash inflow arising on disposal:	
Bank balances and cash disposal of	<u><u>2,750</u></u>

During the period between 1st January, 2017 and the date of disposal, Long Grand and its subsidiary contributed no material profit or loss to the Group’s results. Long Grand and its subsidiary did not have material effect on the Group’s cash flow during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

Turnover and gross profit of Yue Da Mining Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the six months ended 30th June, 2017 (the “Period”) amounted to RMB32,590,000 and RMB12,848,000, representing a decrease and an increase of approximately 21.32% and 175.35% respectively, over the same period in 2016. The operating environment of nonferrous metal market remained challenging during the Period. In the aspect of operating revenue, the prices of various products continued the rebound trend from the second half of 2016 and benefitted the gross margin. In the aspect of production, product delivery of Tong Ling Guan Hua is adversely affected by several temporary policies relating to environmental protection and transportation by related government bureaus, which led to a decrease in sales revenue of Tong Ling Guan Hua by RMB21,977,000 over the same period in 2016. As the policies are expected to be in force in the foreseeable future, an impairment of asset was recorded in the Period. Apart from these, Daqian Mining, one of the suspended operations, was disposed during the Period and recorded a gain of RMB6,948,000. The loss and total comprehensive expense attributable to the owners of the Company for the Period was RMB76,047,000 (corresponding period of last year: RMB24,957,000) and basic loss per share was RMB6.51 cents (corresponding period of last year: RMB2.72 cents).

INTERIM DIVIDEND

The board (“Board”) of directors (“Directors”) of the Company does not recommend the payment of any interim dividend during the Period.

BUSINESS REVIEW

During the Period under review, the Group was principally engaged in exploration, mining and processing of metal minerals in the People’s Republic of China (“PRC”) (the “Mining Operations”).

MINING OPERATIONS

During the Period, the Mining Operations realized an operating revenue of RMB32,590,000 (corresponding period of last year: RMB41,419,000) with a segment loss of RMB142,529,000 (corresponding period of last year: RMB12,641,000). The Mining Operations recorded a gross profit of RMB12,848,000 (corresponding period of last year: RMB4,666,000) and gross profit margin of approximately 39.42% (corresponding period of last year: 11.27%). The ores extracted during the Period amounted to 37,715 tons, representing a decrease of 78.68% over 176,876 tons in the corresponding period of last year, with a unit mining cost (excluding gold ores) of approximately RMB179 per ton (corresponding period of last year: RMB189 per ton) and a unit processing cost (excluding gold ores) of approximately RMB154 per ton (corresponding period of last year: RMB154 per ton).

Under Normal Operation

Baoshan Feilong Nonferrous Metal Co., Ltd. (“Baoshan Feilong”), a subsidiary of the Company, conducts mining operations in Baoshan City, Yunnan Province of the PRC. Major products include zinc ore concentrates, lead ore concentrates and copper ore concentrates. Prices of these products were higher than the corresponding period of last year and the Group responded by increase the level of production during the Period.

Tong Ling Guan Hua Mining Company Ltd. (“Tong Ling Guan Hua”), a subsidiary of the Company, conducts mining operations in Tongling City, Anhui Province of the PRC. Major products include gold and stone for construction. Related government bureaus implemented several temporary policies relating to environmental protection and transportation during the Period and up to now, which adversely impacts on our products delivery, causing certain degrees of disturbance in our production plan and product delivery as a result. As such policies are expected to be in force in the foreseeable future, the annual sales revenue of Tong Ling Guan Hua is expected to drop from 2016 significantly.

Under suspension

Tengchong Ruitu Mining and Technology Company Limited (“Tengchong Ruitu”), Yaoan Feilong Mining Co., Ltd. (“Yaoan Feilong”) and Zhen’an County Daqian Mining Development Co., Ltd. (“Daqian Mining”), subsidiaries of the Company, have continued the suspension of their production due to the weak metal market since 25th April, 2015, 20th May, 2013 and 21st November, 2008, respectively. Daqian Mining was successfully disposed to an independent third party in a consideration of RMB3,050,000 and recorded a gain of RMB6,948,000. The Group is actively seeking to dispose Tengchong Ruitu and Yaoan Feilong in order to lower the costs of maintenance and to concentrate resources for future development of the Group.

Performance

The table below sets out the Mining Operations by products for the six-months periods ended 30th June 2017 and 2016:

	Processing Volume			Average price (net of tax)		
	2017	2016	% Change	2017	2016	% Change
Zinc ore concentrates (in metric tons)	1,263	872	+44.84	13,723	6,761	+102.97
Lead ore concentrates (including silver) (in metric tons)	273	184	+48.37	13,956	9,708	+43.76
Copper ore concentrate (in metric tons)	38	21	+80.95	29,577	22,732	+30.11
Gold (in grams)	7,375	18,956	(61.09)	274	252	+8.73
Stone for construction (in tons)	60,709	594,234	(89.78)	23.63	23.22	+1.77

The following table summaries the operating performance of each mining company of our Group during the Period:

Name of subsidiaries	Products	Revenue <i>RMB'000</i>	Proportion of the Group %	Gross Profit <i>RMB'000</i>	Proportion of the Group %
Baoshan Feilong	Lead, zinc and copper ore concentrates	28,635	87.86	10,293	80.11
Tong Ling Guan Hua	Gold and stone for construction	3,955	12.14	2,555	19.89
Tengchong Ruitu	Production suspended since 25th April, 2015	—	—	—	—
Yaoan Feilong	Production suspended since 20th May, 2013	—	—	—	—
Daqian Mining	Disposed on 19th May, 2017	—	—	—	—
		<u>32,590</u>	<u>100</u>	<u>12,848</u>	<u>100</u>

Strategic Co-operation

Four strategic co-operation agreements with a term of 10 years were entered into by the Group with Zhuzhou Smelter Group Co. Limited (“Zhuzhou Smelter”), Yunnan Yuntong Zinc Alloy Company Limited (“Yunnan Yuntong”), Panzhihua Steel Group International Economic Trading Company Limited (“Panzhihua Steel”) and Wugang Group Kunming Iron and Steel Company Limited, a subsidiary of Wuhan Iron and Steel (Group) Corp. (“Wugang”). The above agreements continued to be in force during the Period.

IMPORTANT EVENTS DURING THE PERIOD

Impairment losses on Assets

During the period, the Mining Operations segment recorded impairment losses on mining rights, property, plant and equipment and goodwill of RMB123,487,000 (corresponding period of last year: nil), RMB17,398,000 (corresponding period of last year: nil) and RMB2,119,000 (corresponding period of last year: nil), respectively, on the related assets of a subsidiary (Tong Ling Guan Hua), principally due to several policies relating to environmental protection and transportation implemented by related government bureaus.

Investment in Vietnam

As at 30th June, 2017, the outstanding receivables in Vietnam by the Group are Sao Mai Deposit of US\$7,000,000 and loan owed Mineral Land of US\$6,000,000. Yue Da Mining Limited (“YDM”), a wholly-owned subsidiary of the Group, is in process of negotiating with the respective relevant parties for the settlement arrangement.

In the first half of 2017, YDM entered into Sao Mai Deposit Settlement Agreement with the Vendor for the repayment of the Deposits. The Partial Refund as agreed in the Sao Mai Deposit Settlement Agreement was not repaid on due date. Please refer to the announcement of the Company dated 8th June, 2017 for the details of the above. After discussion with legal advisers, a demand letter was addressed to the Vendor through legal advisers on 23rd June, 2017. In the period from 1st July, 2017 up to the date of this announcement, the Vendor has repaid approximately US\$100,000.

Disposal of Daqian Mining

On 19th May 2017, the Group entered into a sales and purchase agreement to dispose the entire shareholding of Long Grand Investments Limited, a wholly-owned subsidiary, to an independent third party at a consideration of RMB3,050,000. Long Grand Investments Limited holds 100% of shareholding of Daqian Mining. A gain on disposal at the amount of RMB6,948,000 was recorded.

New factoring business segment

In view of the escalating requirement from environment and the authorities being faced by the Group’s mining operation, for the sake of long term development, the Group decided to develop a new factoring business segment in offering trade finance, sales ledger management, customer credit rating, accounts receivable management and collection, credit risk guarantee, supply chain management and other related solutions the PRC. A wholly-owned subsidiary, Yueda (Shenzhen) Commercial Factoring Co., Ltd., was successfully registered on 15th August, 2017 in the PRC.

PROSPECTS

Global material price showed continuous rebound during the Period, which contributed a more favourable market environment for mining business in comparison with last year. In the aspect of production, the mining operation is facing escalating requirement from environment and the authorities which pose persistent challenges to our operation.

Looking forward to the second half of 2017, the environment for the mining business is still uncertain and the Group will consider disposing the suspended facilities in order to lower the costs of maintenance and to concentrate resources for future development. In respect of the facilities under normal operation, the Group's strategy is to realize its potential processing capacity as well as to further enhance its production processes and technology improvements for achieving cost efficiency. In response to the difficulties in mining operation, the Group has established a new factoring business segment. Commercial factoring is an important way to solve the funding needs of small and medium enterprises in China. It has been growing quickly in recent years. The Group is optimistic it will bring new force to our growth and will diversify the Group's existing business stream to enhance the long-term benefits of the Company and the shareholders as a whole.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2017, the Group's current assets were RMB193,919,000 (31st December, 2016: RMB189,867,000), of which RMB104,481,000 (31st December, 2016: RMB108,476,000) were bank balances and cash on hand. As at 30th June, 2017, the net asset value of the Group amounted to RMB363,138,000, representing a decrease of approximately 23.24% as compared to RMB473,056,000 at 31st December, 2016. The gearing ratio (total liabilities/total assets) of the Group was approximately 45.32% (31st December, 2016: 42.60%).

As at 30th June, 2017, the share capital of the Company was RMB105,965,000 (31st December, 2016: RMB105,965,000). The Group's reserve and minority interests were RMB228,977,000 (31st December, 2016: RMB305,024,000) and RMB28,196,000 (31st December, 2016: RMB62,067,000) respectively. As at 30th June, 2017, the Group had total current liabilities of RMB99,346,000 (31st December, 2016: RMB110,276,000), mainly comprising trade and other payables and amount due to related companies. The total non-current liabilities of the Group amounted to RMB201,585,000 (31st December, 2016: RMB240,194,000), which were mainly corporate bonds, provisions and deferred tax liabilities.

During the Period, most of the transactions were denominated and settled in Renminbi. The Group believes that its exposure to exchange rate is minimal and thus the Group does not have a hedging policy in this regard.

CAPITAL STRUCTURE OF THE GROUP

The capital structure of the Group consists of debts, which include amounts due to related companies, amounts due to directors and corporate bonds and equity reserves attributable to owners of the Company, comprising issued share capital and various reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the Directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi and Hong Kong dollars. During the Period, most of the transactions were denominated and settled in Renminbi. The Group believes that its exposure to exchange rate risk is minimal.

The Group recorded a net exchange gain amounting to RMB1,957,000 during the Period. The Group was not engaged in any hedging by financial instruments in relation to the exchange rate risk.

CONTINGENT LIABILITIES AND CHARGE ON THE GROUP'S ASSETS

As at 30th June, 2017, the Group did not have any guarantees and charges nor any other material contingent liabilities (31st December, 2016: nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30th June, 2017, the Group had a total of approximately 415 employees (where they were located in Hong Kong and the PRC), engaged in management, administration and mining. The management reviewed the remuneration policy regularly on the basis of performance and experience of the employees as well as the prevailing industry practices. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations. Insurance and mandatory provident fund schemes are also maintained for its Hong Kong staff. During the Period, the Group provided various training courses on relevant business or skills for its management and staff at different levels. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labour dispute.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the securities of the Company during the Period.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

In the opinion of the Board, the Group has complied with all of the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the Period, except that (i) the Chairman of the Board was not able to attend the annual general meeting of the Company held on 19th May, 2017 (the "2016 AGM") (deviated from code provision E.1.2) due to other business commitment. Nevertheless, one of the Directors attended and acted as the chairman of the 2016 AGM; (ii) Mr. Qi Guangya, being a non-executive Director, was not able to attend the 2016 AGM (deviated from code provision A.6.7) due to his other business commitments. Nevertheless, this Director has passed his opinion to the chairman of the 2016 AGM before its commencement; and (iii) the non-executive Directors are not appointed for a specific term (deviated from code provision A.4.1). However, all non-executive Directors are subject to retirement and rotation once every three years in accordance with the Company's Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by the Directors of the Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"). All the Directors, in response to specific enquiries made by the Company, confirmed that they complied with the requirements set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Company's audit committee currently comprises Mr. Cheung Ting Kee (Chairman of the audit committee, an independent non-executive Director), Mr. Qi Guangya (a non-executive Director) and Mr. Cui Shuming (an independent non-executive Director). Duties of the audit committee include reviewing all matters relating to the scope of audit, such as the financial statements and internal control, with an aim to safeguard the interest of the shareholders of the Company. At a meeting held on 21st August, 2017, the audit committee reviewed the accounting principles and practices adopted by the Group, the unaudited interim results of the Group for the Period and discussed matters relating to audit, internal control and financial reporting with the management.

REMUNERATION COMMITTEE

The Company has set up a remuneration committee with written terms of reference, whose members are currently Mr. Cui Shuming (Chairman of the remuneration committee, an independent non-executive Director), Dr. Liu Yongping (an independent non-executive Director) and Mr. Mao Naihe (an executive Director and Vice Chairman of the Board). Regular meetings are held by the committee to review and discuss matters relating to the remuneration policy, remuneration levels and the remuneration of executive Directors.

NOMINATION COMMITTEE

The Company has set up a nomination committee with written terms of reference, whose members are currently Mr. Wang Lianchun (Chairman of the nomination committee, a non-executive Director and Chairman of the Board), Mr. Cui Shuming (an independent non-executive Director) and Dr. Liu Yongping (an independent non-executive Director). Duties of the nomination committee include reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the relevant blend of skills, knowledge and experience.

PUBLICATION OF THE INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's interim report for the six months ended 30th June, 2017 will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.yueda.com.hk in due course.

By order of the Board
Yue Da Mining Holdings Limited
Wang Lianchun

Non-executive Director and Chairman of the Board

Hong Kong, 21st August, 2017

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