YUE DA MINING HOLDINGS LIMITED
悅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, 2013

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, 2013 (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, 2013

		Six months ended	
	NOTES	**30.6.2013**	30.6.2012
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
			(restated)
Continuing operation			
Revenue	3	**133,840**	198,602
Cost of sales		**(93,247)**	(115,268)
Gross profit		**40,593**	83,334
Other income		**4,366**	3,089
Other gains and losses	4	**26,536**	(540)
Impairment losses on assets	5	**(135,983)**	—
Administrative expenses		**(38,066)**	(28,932)
Finance costs	6	**(6,228)**	(7,155)
(Loss) profit before tax		**(108,782)**	49,796
Income tax credit (expense)	7	**28,021**	(21,467)
(Loss) profit for the period from continuing operation	8	**(80,761)**	28,329
Discontinued operation			
Loss for the period from discontinued operation	9	**(5,514)**	(7,642)
(Loss) profit and total comprehensive (expense) income for the period		**(86,275)**	20,687

	NOTE	Six months ended 30.6.2013 RMB'000 (unaudited)	30.6.2012 RMB'000 (unaudited) (restated)
(Loss) profit and total comprehensive (expense) income for the period attributable to owners of the Company			
— from continuing operation		**(87,149)**	17,699
— from discontinued operation		**(2,812)**	(3,897)
		(89,961)	13,802
Profit (loss) and total comprehensive income (expense) for the period attributable to non-controlling interests			
— from continuing operation		**6,388**	10,630
— from discontinued operation		**(2,702)**	(3,745)
		3,686	6,885
(Loss) earnings per share	11		
From continuing and discontinued operations			
— Basic		**RMB(9.83) cents**	RMB1.65 cents
— Diluted		**RMB(9.83) cents**	RMB1.65 cents
From continuing operation			
— Basic		**RMB(9.52) cents**	RMB2.11 cents
— Diluted		**RMB(9.52) cents**	RMB2.11 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2013

	NOTES	30.6.2013 RMB'000 (unaudited)	31.12.2012 RMB'000 (audited)
Non-current Assets			
Property, plant and equipment		**117,418**	126,620
Prepaid lease payments		**9,974**	10,054
Mining rights		**814,850**	956,533
Available-for-sale investments		**15,964**	15,964
Other intangible assets		**—**	345
Long term deposits		**7,202**	6,882
Deposits paid for acquisition of property, plant and equipment and a land use right		**8,515**	8,604
Deposit paid for an investment		**18,846**	—
Other receivables	12	**97,332**	95,148
		1,090,101	1,220,150
Current Assets			
Prepaid lease payments		**449**	446
Inventories		**33,797**	35,671
Trade and other receivables	12	**163,571**	95,923
Amounts due from related companies		**25,900**	31,037
Taxation receivable		**119**	2,124
Bank balances and cash		**203,094**	191,527
		426,930	356,728
Assets classified as held for sales	13	**83,372**	—
		510,302	356,728

	NOTES	30.6.2013 RMB'000 (unaudited)	31.12.2012 RMB'000 (audited)
Current Liabilities			
Trade and other payables	14	**57,498**	64,242
Amounts due to related companies		**92,405**	40,709
Amounts due to directors		**—**	426
Taxation payable		**11,566**	18,972
Bank borrowings — due within one year		**206,144**	128,648
Obligation under finance leases		**—**	766
		367,613	253,763
Liabilities directly associated with assets classified as held for sales	13	**34,684**	—
		402,297	253,763
Net Current Assets		**108,005**	102,965
Total Assets Less Current Liabilities		**1,198,106**	1,323,115
Capital and Reserves			
Share capital		**83,474**	83,474
Reserves		**721,749**	811,207
Equity attributable to owners of the Company		**805,223**	894,681
Non-controlling interests		**172,617**	168,931
Total Equity		**977,840**	1,063,612
Non-current Liabilities			
Provisions		**2,207**	2,194
Deferred tax liabilities		**218,059**	257,309
		220,266	259,503
		1,198,106	1,323,115

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 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, 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2012.

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.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10 Consolidated Financial Statements, HKFRS 11 Joint Arrangements, HKFRS 12 Disclosure of Interests in Other Entities and HKAS 28 (as revised in 2011) Investments in Associates and Joint Ventures together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 Consolidated Financial Statement, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance regarding the transitional guidance. HKAS 27 (as revised in 2011) Consolidated and Separate Financial Statements is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC) — INT 12 Consolidation — special purpose entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The director of the Company reviewed and assessed the Group's investees in accordance with the requirements of HKFRS 10. The directors of the Company concluded that there was no impact to the Group's condensed consolidated financial statements for the adoption of HKFRS 10.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 Interim financial reporting
(as part of the Annual Improvements to HKFRSs 2009-2011 cycle)

The Group has applied the amendments to HKAS 34 Interim financial reporting as part of the Annual Improvements to HKFRSs 2009 - 2011 cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker ("CODM") and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM does not review assets and liabilities of the Group's reportable segments for performance assessment and resource allocation purposes, the Group has not included total asset and liabilities information as part of segment information.

Except as described above, 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 CODM, represented by the executive directors, for the purposes of resource allocation and performance assessment are (1) exploration, mining and processing of zinc, lead, iron and gold ("Mining Operations") and (2) the management and operation of toll highway and bridge ("Toll Road Operations").

The Toll Road Operations was discontinued in the current interim period. Segment information for the six months ended 30th June, 2012 has been restated. Details are set out in note 9.

After the discontinuance of the Toll Road Operations, the Group has one operating segment being Mining Operations which contributes the entire revenue of the continuing operation of the Group. The CODM reviewed the (loss) profit before tax before other income, other gains and losses as described below, central administration costs and finance costs for the purposes of resource allocation and performance assessment.

	Six months ended	
	30.6.2013	30.6.2012
	RMB'000	*RMB'000*
		(Restated)
Continuing operation		
Mining Operations revenue	**133,840**	198,602
Segment (loss) profit	**(116,835)**	64,197
Other income	**4,366**	3,089
Other gains and losses		
— Fair value gain on contingent consideration	**24,394**	—
— Net foreign exchange gain (loss)	**2,184**	(492)
— Loss upon extension of repayment terms on other receivables	**—**	(50)
Central administration costs	**(16,663)**	(9,793)
Finance costs	**(6,228)**	(7,155)
(Loss) profit before tax (continuing operation)	**(108,782)**	49,796

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2013	30.6.2012
	RMB'000	*RMB'000*
Continuing operation		
Fair value gain on contingent consideration *(Note)*	**24,394**	—
Net foreign exchange gains (loss)	**2,184**	(492)
Loss arising on early repayment of promissory notes	**—**	(50)
(Loss) gain on disposal of property, plant and equipment	**(42)**	2
	26,536	(540)

Note: During the year ended 31st December, 2010, the Group completed the acquisition of the entire equity interest in Absolute Apex Limited, an investment holding company, from Bright Harvest Holdings Limited ("Bright Harvest"), an independent third party (the "Acquisition"). Absolute Apex Limited owned the entire equity interest in Ample Source Investment Limited, which owned 70% equity interest in Tong Ling Guan Hua Mining Company Limited ("Tong Ling Guan Hua"), which are engaging in investment holding, and mining and processing of gold, respectively. Bright Harvest and the remaining non-controlling interest of Tong Ling Guan Hua agreed to, jointly and severally, compensate the Group in relation to the shortfall of performance by Tong Ling Guan Hua up to 30th June, 2013. The amount for the current period represented the change in fair value of the contingent consideration receivable as the compensation in relation to the shortfall of performance by Tong Ling Guan Hua. The shortfall for the six months ended 30th June, 2013 was mainly due to the deferral of the production plan and the decline in market price of gold during the six months ended 30th June, 2013.

As a result, a fair value gain on contingent consideration of RMB24,394,000 was recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30th June, 2013 (for the six months ended 30th June, 2012: nil). The management expected the amount of RMB24,394,000 will be settled by cash within one year from the end of the reporting period. As at 30th June, 2013, the contingent consideration receivable amounted to RMB45,125,000 (31st December, 2012: RMB20,731,000) was included in trade and other receivables as set out on Note 12.

5. IMPAIRMENT LOSSES ON ASSETS

	Six months ended	
	30.6.2013	30.6.2012
	RMB'000	*RMB'000*
Impairment losses on:		
— property, plant and equipment	**19,215**	—
— mining rights	**116,768**	—
	135,983	—

6. FINANCE COSTS

	Six months ended	
	30.6.2013	30.6.2012
	RMB'000	*RMB'000*
Continuing operation		
Interest on bank borrowings wholly repayable within five years	**5,630**	5,114
Effective interest on promissory notes	**—**	336
Effective interest on finance leases	**17**	131
Imputed interest on:		
— other payables	**—**	1,563
— provisions	**—**	11
Bank loan arrangement fees	**581**	—
	6,228	7,155

7. INCOME TAX (CREDIT) EXPENSE

	Six months ended	
	30.6.2013	30.6.2012
	RMB'000	*RMB'000*
Continuing operation		
People's Republic of China		
Enterprise Income Tax		
— current period	**10,669**	18,996
Underprovisions in prior years	**560**	1,787
Deferred tax		
— current period	**(39,250)**	684
	(28,021)	21,467

8. (LOSS) PROFIT FOR THE PERIOD FROM CONTINUING OPERATION

	Six months ended	
	30.6.2013	30.6.2012
	RMB'000	*RMB'000*
(Loss) profit for the period from continuing operation has been arrived at after charging (crediting) the following items:		
Amortisation of mining rights (included in cost of sales)	**24,915**	25,239
Depreciation of property, plant and equipment	**12,387**	13,321
Release of prepaid lease payments	**185**	70
Total depreciation and amortisation	**37,487**	38,630
Cost of inventories sold	**68,332**	90,029
Share-based payments expense	**503**	2,197
Interest income from bank deposits	**(1,654)**	(1,053)
Imputed interest income on amount due from Disposal Group *(as defined in Note 12)*	**(2,184)**	—

9. LOSS FOR THE PERIOD FROM DISCONTINUED OPERATION

The Toll Road Operations was operated under the operating rights being granted by the Hebei Provincial Government to the Group for 16 years, which is from 1997 to 2013. The concessionary period was ended in May 2013. No extension of the operating rights was granted. Since then, the Group ceased its Toll Road Operations accordingly. This operating segment is classified as discontinued operation.

	Six months ended	
	30.6.2013	30.6.2012
	RMB'000	*RMB'000*
Revenue	**8,042**	11,211
Direct operating costs	**(4,918)**	(16,787)
Gross profit (loss)	**3,124**	(5,576)
Other income	**28**	32
Other gains and losses	**—**	18
Administrative expenses	**(2,666)**	(2,720)
Provision for servance payments to employees	**(6,000)**	—
Loss before tax	**(5,514)**	(8,246)
Income tax credit	**—**	604
Loss for the period	**(5,514)**	(7,642)
Loss for the period from discontinued operation has been arrived at after charging (crediting) the following:		
Amortisation of other intangible assets (included in direct operating costs)	**344**	10,704
Depreciation of property, plant and equipment	**282**	401
Interest income from bank deposits	**(28)**	(32)

The net cash flows attributable to the operating, investing and financing activities of the Toll Road Operations was not significant in both periods.

There was no significant assets and liabilities of the Toll Road Operations at the date of discontinued operation.

10. DIVIDEND

No dividend was paid, declared or proposed during six months ended 30th June, 2013. The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30th June, 2013.

11. (LOSS) EARNINGS PER SHARE

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

	Continuing and discontinued operations Six months ended		**Continuing operation Six months ended**	
	30.6.2013	30.6.2012	**30.6.2013**	30.6.2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
(Loss) earnings				
(Loss) profit for the period attributable to owners of the Company and (loss) profit for the purposes of basic and diluted (loss) earnings per share	**(89,961)**	13,802	**(87,149)**	17,699
Number of shares	**Number**	Number	**Number**	Number
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	**915,691,876**	838,902,403	**915,691,876**	838,902,403

Basic loss per share for the discontinued operation is RMB0.31 cents (for the six months ended 30th June, 2012: RMB0.46 cents), based on the loss for the period attributable to owners of the Company from the discontinued operation of RMB2,812,000 (for the six months ended 30th June, 2012: RMB3,897,000) and the denominators detailed above for basic loss per share.

The computation of the diluted earnings per share for the six months ended 30th June, 2013 does not assume the exercise of the share options because they would result in reduction in loss per share.

The computation of the diluted earnings per share for the six months ended 30th June, 2012 does not assume the exercise of the share options because the exercise price of those options was higher than the average market price for shares for the six months ended 30th June, 2012.

12. TRADE AND OTHER RECEIVABLES

	30.6.2013	31.12.2012
	RMB'000	*RMB'000*
Current		
Trade receivables	**41,327**	59,699
Advance payments to suppliers	**7,847**	8,867
Contingent consideration receivable	**45,125**	20,731
Loan receivable	**50,250**	—
Other receivables and prepayments	**19,022**	6,626
	163,571	95,923
Non-current		
Deferred consideration receivable	**53,406**	53,406
Amount due from Disposal Group *(as defined in Note)*	**43,926**	41,742
	97,332	95,148

Note: The "Disposal Group" is referred to Pleasure Resources Limited, Joyous Field Investments Limited and Joyful Well Investments Limited, which held the entire equity interest in Weng Niu Te Qi Xiang Da Mining Co., Ltd, Chi Feng Yi Da Mining Co., Ltd and Weng Niu Te Qi San Xiang Mining Co., Ltd.

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

	30.6.2013	31.12.2012
	RMB'000	*RMB'000*
0 - 60 days	**40,260**	56,861
121 - 180 days	**—**	1,067
Over 180 days	**1,067**	1,771
	41,327	59,699

13. ASSETS CLASSIFIED AS HELD FOR SALES

On 27th May, 2013, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with certain third parties pursuant to which the Group has conditionally agreed to sell and the third parties have conditionally agreed to acquire the 49% equity interest in Liangshan Prefecture Yuechuan Mining Co., Limited ("Yuechuan JV"). Yuechuan JV is treated as non-wholly owned subsidiary of the Company, as the Group has the right to appoint a majority of the board of directors of Yuechuan JV based on the relevant agreement and related articles of association. The cash consideration for the disposal is RMB56,990,000. The 49% equity interest in Yuechuan JV is expected to be disposed of within twelve months from the end of the reporting period. All the assets and liabilities of Yuechuan JV have been reclassified as assets held for sale and presented separately in the condensed consolidated statement of financial position as at 30th June, 2013. The sales proceeds exceed the carrying amount of the net assets and, accordingly, no impairment loss has been recognised.

14. TRADE AND OTHER PAYABLES

	30.6.2013	31.12.2012
	RMB'000	*RMB'000*
Trade payables	**7,043**	4,901
Other payables	**50,455**	59,341
	57,498	64,242

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.

	30.6.2013	31.12.2012
	RMB'000	*RMB'000*
0 - 60 days	**4,511**	3,186
61 - 120 days	**1,083**	621
Over 120 days	**1,449**	1,094
	7,043	4,901

FINANCIAL PERFORMANCE

Turnover and gross operating profit of Yue Da Mining Holdings Limited ("Company") and its subsidiaries (collectively the "Group") for the six months ended 30th June, 2013 (the "Period") amounted to RMB133,840,000 and RMB40,593,000, representing a decrease of approximately 32.61% and 51.29% respectively, over the same period in 2012. The nonferrous metal market was challenging during the Period due to the uncertainties of the global economy. The Group faced a general decline in the price of zinc, lead and gold in the commodity market during the first half of 2013. The loss and total comprehensive expense attributable to the owners of the Company for the Period was RMB89,961,000 (corresponding period of last year: profit and total comprehensive income of RMB13,802,000) and basic loss per share was RMB9.83 cents (corresponding period of last year: basic earnings per share of RMB1.65 cents).

INTERIM DIVIDEND

The board ("Board") of directors ("Directors") 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 (the "Mining Operations") and the operation of a toll road (the "Toll Road Operations").

MINING OPERATIONS

During the Period, the Mining Operations realized an operating revenue of RMB133,840,000 (corresponding period of last year: RMB198,602,000) with a segment loss of RMB116,835,000 (corresponding period of last year: segment profit of RMB64,197,000). The Mining Operations recorded an operating revenue of RMB133,840,000 (corresponding period of last year: RMB198,602,000) with a gross profit of RMB40,593,000 (corresponding period of last year: RMB83,334,000) and gross profit margin of approximately 30.33% (corresponding period of last year: 41.96%).

The ores extracted during the Period amounted to 946,272 tons, representing an increase of 36.27% over 694,395 tons in the corresponding period of last year, with a unit mining cost (including gold ores) of approximately RMB45 per ton (corresponding period of last year: RMB53 per ton) and a unit processing cost (including gold ores) of approximately RMB37 per ton (corresponding period of last year: RMB43 per ton). The Mining Operations included the processing of metal ore concentrates such as zinc ore concentrates of 2,636 metal tons (corresponding period of last year: 2,793 metal tons), lead ore concentrates of 672 metal tons (corresponding period of last year: 1,137 metal tons), silver of 230 kilograms (corresponding period of last year: 710 kilograms), iron ore concentrates of 70,598 tons (corresponding period of last year: 89,665 tons) and gold of 205.69 kilograms (corresponding period of last year: 228.25 kilograms). During the Period, the metal ore concentrates were sold at an average price of RMB7,509 per metal ton for zinc ore concentrates (corresponding period of last year: RMB8,319 per metal ton), RMB11,182 per metal ton for lead ore concentrates (with silver content) (corresponding period of last year: RMB14,051 per metal ton), RMB653 per ton for iron ore concentrates (corresponding period of last year: RMB634 per ton) and RMB270 per gram of gold (corresponding period of last year: RMB325 per gram).

During the Period, Tengchong Ruitu Mining and Technology Company Limited ("Tengchong Ruitu"), a subsidiary of the Company, completed the construction of tailings main warehouse. The construction is expected to be fully completed by the end of the year, thus securing the normal production of its processing plant for over ten years in the future.

Baoshan Feilong Nonferrous Metal Co., Ltd. ("Baoshan Feilong"), a subsidiary of the Company, has further strengthened its effort in exploration activities and has made a smooth progress as planned. The processing plant achieved remarkable results in its technology improvements, and developed a catalyst in improving the grade and the extent of recovery of ore concentrates.

In May 2013, Yaoan Feilong Mining Co., Ltd. ("Yaoan Feilong"), another subsidiary of the Company, having regard to (i) the decline of price of lead and silver in the past two years; and (ii) the fact that Yaoan Feiling has been making loss since 2011 and it is not likely to turnaround with profit within a short period of time, the Board has decided the suspension of the operations of Yaoan Feilong.

Zhen'an County Daqian Mining Development Co., Ltd. ("Daqian Mining"), another subsidiary of the Company in Shaanxi Province of the PRC was affected by further deterioration of the metal market and relatively lower grade of ores. The production of Daqian Mining has also been suspended.

On 30th June, 2010, the Group completed the acquisition of 70% equity interests in Tong Ling Guan Hua Mining Company Limited ("Tong Ling Guan Hua") which is the holder of mining rights of a gold mine and an exploration licence of an iron mine in Anhui Province, the PRC. During the Period, the performance of Tong Ling Guan Hua was affected by the drop in price of gold and the Group recognized a compensation of approximately RMB24,394,000 in relation to the shortfall of performance. Tong Ling Guan Hua still contributed significant revenue and profit to the Group during the Period.

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 and had a significant contribution to the revenue of the Group during the Period.

TOLL ROAD OPERATIONS

Wen An Section of the National Highway 106 in Hebei Province (the "Wen An Section") is located in Langfang, Hebei Province and is in the proximity to Beijing. It has a toll collection station at Wen An. Annual average daily traffic (AADT) was 8,045 during the period from January to May 2013 (January 2012 to June 2012: 10,285). The operating revenue achieved RMB8,042,000 and recorded a loss of RMB5,514,000.

Upon the expiry of the operation rights of Wen An Section in May 2013, the Group ceased the Toll Road Operations.

PROSPECTS

The Group has from time to time sought to enhance its exploration and mining activities by identifying suitable exploration and mining methods, improving and enhancing explosive and blasting technology by setting up appropriate explosive and blasting method in order to maximize explosive effects. Such measures aim at raising production capacity of the Group's existing mines as well as reducing its mining costs. To reduce cleansing and processing costs, the Group will further focus on technology improvements, optimize production processes of processing plant and maximize grade and recovery of ore concentrates. Through the completion of the project of upgrading technology and enhancing production capacity of the processing plant operated by Tengchong Ruitu, the commencement of production of mine No. 10 as planned, the smooth progress made by Baoshan Feilong in its exploration activities as planned and the entering of the long-term strategic co-operation agreements with Zhuzhou Smelter, Yunnan Yuntong, Panzhihua Steel and Wugang, the Group has built a concrete foundation of steady cash flow and reasonable level of profit. Tong Ling Guan Hua has also contributed significant revenue and profit to the Group. Meanwhile, the optimization and technology improvement of its operation flow is in progress.

Looking forward to the second half of 2013, the environment for the mining business is expected to be as difficult as in the first half of 2013. On one hand, 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. On the other hand, the Group targets to capture opportunities for acquisition of projects with rich reserves, high quality, immense value-added potentials and quick cashflow returns, in order to allow the Group to further expand its scale of production, diversify into new profit streams and deliver higher returns to our shareholders.

IMPORTANT EVENTS DURING THE PERIOD

Acquisition of 95% interests in a PRC Company

On 13th May, 2013, Tong Ling Guan Hua, a non-wholly owned subsidiary of the Company, entered into a conditional agreement to acquire 95% equity interest of Tong Ling Guan Hua Renewable Energy Company Limited ("Tong Ling Renewable") for a consideration of RMB12 million. Tong Ling Renewable is principally engaged in the processing and sale of tailings and leach residue of gold ores. When the acquisition is completed, the tailings and residues remained after the mining and processing of gold ores by Tong Ling Guan Hua will be used by Tong Ling Renewable for its further processing and sale, which is expected to generate further revenue for the Group. As at 30th June, 2013, the acquisition of Tong Ling Renewable was not completed.

Proposed investment in Vietnam companies

On 21st January, 2013, the Company announced that YDM entered into the following agreements:

(i) A conditional subscription agreement ("Subscription Agreement") for the subscription of 60% (as enlarged upon completion of the Subscription Agreement) of the issued share capital of Everwise Technology Limited ("Everwise") at US$6 million; and New Aims Holdings Limited shall subscribe 40% (as enlarged upon completion of the Subscription Agreement) of the issued share capital of Everwise at US$4 million.

(ii) A conditional loan agreement to grant to Mineral Land Holdings Limited ("Mineral Land") a term loan facility up to US$16 million for a term of one year, which carries a fixed-sum of US$1 million interest; and

(iii) Solid Success International Limited ("Solid Success") has granted an option to YDM to enter into a sale and purchase agreement to sell (a) the entire issued share capital of Mineral Land and (b) the benefit of shareholder's loan from Solid Success to Mineral Land at not more than US$36 million (subject to adjustment).

Please refer to the circular of the Company dated 17th April, 2013 for details of the above transaction. As at 30th June, 2013, the completion of the Subscription Agreement has not taken place.

Disposal of 49% equity interests in Liangshan Prefecture Yuechuan Mining Co., Limited (Yuechuan JV")

On 27th May, 2013, Yue Da Pingchuan Limited, a wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement for the disposal of 49% equity interest in Yuechuan JV for a consideration of RMB56.99 million. Upon completion of such disposal, Yuechuan JV will cease to be a subsidiary of the Company. As at 30th June, 2013, the disposal is not yet completed.

Impairment Losses on Assets and Available-for-Sale Investments

During the Period, the Mining Operations segment recorded an impairment losses on mining rights and property, plant and equipment of RMB116,768,000 and RMB19,215,000 respectively, on the related assets of certain subsidiaries which are engaging in mining and processing of zinc and lead and located in Yunnan Province and Shannxi Province of the PRC, due to (1) continuing decline in the price of zinc and lead in the commodity market and (2) the suspension of the operations of Yaoan Feilong.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2013, the Group's current assets were RMB510,302,000 (31st December, 2012: RMB356,728,000), of which RMB203,094,000 (31st December, 2012: RMB191,527,000) were bank balances and cash on hand. As at 30th June, 2013, the net asset value of the Group amounted to RMB977,840,000, representing a decrease of approximately 8.06% as compared to RMB1,063,612,000 at 31st December, 2012. The gearing ratio (total liabilities/ total assets) of the Group was approximately 38.90% (31st December, 2012: 32.55%).

As at 30th June, 2013, the share capital of the Company was RMB83,474,000 (31st December,2012: RMB83,474,000). The Company's reserve and minority interests were RMB721,749,000 (31st December, 2012: RMB811,207,000) and RMB172,617,000 (31st December, 2012: RMB168,931,000) respectively. As at 30th June, 2013, the Group had total current liabilities of RMB402,297,000 (31st December, 2012: RMB253,763,000), mainly comprising bank borrowing, trade and other payables and amount due to related companies. The total non-current liabilities of the Group amounted to RMB220,266,000 (31st December, 2012: RMB259,503,000), which were mainly 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 amount due to a related company, amounts due to Directors, obligations under finance leases, promissory notes, bank borrowings 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 RMB2,184,000 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, 2013, except for the guarantees and charges in the amount of RMB68,348,000 provided to China Merchants Bank by the Group, the Group did not have any guarantees and charges nor any other material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 30th June, 2013, the Group had a total of approximately 1,258 employees (where they were located in Hong Kong and the PRC), engaged in management, administration, toll collection functions 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.

THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Group has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("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 14th June, 2013 (the "2012 AGM") (deviated from code provision E.1.2) due to other business commitment. Nevertheless, one of the independent non-executive Directors attended and acted as the chairman of the 2012 AGM; (ii) Mr. Chen Yunhua and Mr. Qi Guangya both being non-executive Directors and Mr. Han Run Sheng being an independent non-executive Director were not able to attend the 2012 AGM (deviated from code provision A.6.7) due to their other business commitments. Nevertheless, each of these Directors has passed his opinion to the chairman of the 2012 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 Bye-Laws.

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 Ms. Leung Mei Han (chairman of the audit committee, an independent non-executive Director), Mr. Qi Guang Ya (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 safeguarding the interest of the shareholders of the Company. At a meeting held on 29th August, 2013, 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), Mr. Han Runsheng (an independent non-executive Director) and Mr. Dong Li Yong (an executive Director). 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. Cui Shuming (Chairman of the nomination committee, an independent non-executive Director), Ms. Leung Mei Han (an independent non-executive Director), Mr. Liu Yongping (an independent nonexecutive Director) and Mr. Dong Li Yong (an 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, 2013 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.

As at the date of this announcement, the Board comprises the following members:

Executive Directors	*Non-executive Directors*	*Independent non-executive Directors*
Dong Li Yong	**Chen Yunhua**	**Leung Mei Han**
Liu Xiao Guang	**Qi Guang Ya**	**Cui Shu Ming**
Hu Huaimin		**Liu Yongping**
		Han Run Sheng

By order of the Board
Yue Da Mining Holdings Limited
Chen Yunhua
Chairman

Hong Kong, 29th August, 2013