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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)

UPDATE ON:

**(I) LAPSE OF MAJOR TRANSACTION IN
RELATION TO PROPOSED ACQUISITION OF
INTEREST IN A VIETNAM COMPANY; AND**

**(II) MAJOR TRANSACTION IN RELATION TO
PROPOSED INVESTMENT IN A VIETNAM
JOINT VENTURE COMPANY**

Reference is made to:

- (i) the Company's announcement dated 5 September 2013 ("**SM Acquisition Announcement**") regarding, among other matters, a possible major transaction of the Company in relation to the proposed indirect acquisition of Sao Mai which is a Vietnam company principally engaged in exploration of the Target Mine in Vietnam ("**Sao Mai Acquisition**");
- (ii) the Company's announcement dated 17 November 2014 ("**November Announcement**") in relation to the lapse of the Sao Mai Acquisition; and
- (iii) the Company's announcement dated 21 January 2013 ("**Duong Lam Announcement**") and the Company's circular dated 17 April 2013 ("**Duong Lam Circular**") regarding a major transaction of the Company in relation to its investment in the Everwise Group, Mineral Group and the Slag Factory (collectively, the "**DL Target Group**") for the acquisition of interest in the Slag Factory, which involves (among others) (a) the Loan Agreement entered into between YDM (as lender) and Mineral Land (as borrower) for the facility up to an amount of US\$16 million ("**Facility**") and (b) the Call Option Deed entered into between YDM, Solid Success and Mineral Land.

Unless otherwise specified, terms defined in the SM Acquisition Announcement, Duong Lam Announcement and the Duong Lam Circular shall have the same meanings when used in this announcement.

The Sao Mai Acquisition

As mentioned in the November Announcement, certain Closing Conditions of the Sao Mai Acquisition were not fulfilled on 15 November 2014 (and the Longstop Date of the Sao Mai Acquisition was not further extended), and the Acquisition Agreement for the Sao Mai Acquisition was terminated on the same day. So far, an aggregate of US\$7 million were paid to the Purchaser as deposits (“**Deposits**”). Such Deposits have not yet been repaid to the Group up to the date of this announcement. In connection with the Acquisition Agreement, collaterals to secure repayment of the Deposits have been created over certain assets, which include an investment certificate of the Target Mine, which management of the Group believes is some valuable assets.

In addition, the Group recently received a letter (“**Letter**”) from a law firm purporting to be representing (among other parties) the Vendor, making allegations against the Group and asserting that the Group is not entitled to seek repayment of the Deposits. Management of the Group believes that the allegations are groundless or unfounded.

The Facility

As disclosed in the announcement of the Company dated 23 January 2014, (i) Mineral Land as borrower made the First Drawing and Second Drawing, and the total principal amount of the Loan drawn under the Facility is US\$8 million; (ii) the availability period of the Facility ended on 30 June 2013, and Mineral Land did not apply for drawing the remaining balance of the Facility before such prescribed date; and (iii) YDM and Mineral Land agreed on 23 January 2014 to extend the Maturity Date from 23 January 2014 to 23 January 2015 in accordance with the Loan Agreement. Under the Loan Agreement, on the Maturity Date (i.e. 23 January 2015), Mineral Land shall repay to the Group a total sum of US\$9 million, consisting of the said principal amount in the sum of US\$8 million and a fixed-sum interest of US\$1 million as provided under the Loan Agreement.

Under the Subscription Agreement, a bank account (“**Joint Account**”) was jointly maintained by YDM and New Aims, and operated by joint signatories of the authorised representatives of each of YDM and New Aims to hold the Subscription Deposit, of which, US\$3 million was advanced by YDM (and such US\$3 million is in addition to the principal amount of US\$8 million as mentioned above). As at the date of this announcement, an amount of approximately US\$4.87 million is held in the Joint Account.

In the same Letter as mentioned above, the law firm also purported to represent Mineral Land, Everwise and New Aims making allegations against the Group that the Group breached the terms of the Loan Agreement by failing to advance a further loan in the sum of US\$8 million for the purchase of production equipment, payment of fees for acquiring mining rights and slag manufacturing rights, and also demanding the release by the Group of the relevant collaterals under the Loan Agreement. Management of the Group believes that these allegations and thus such demand are groundless or unfounded.

The Group is seeking legal advice on the above matters and planning to take all necessary and appropriate actions to protect the legitimate rights of the Group. The Company will make further announcement(s) to update the Shareholders and the investing public of the progress of the matters, as and when appropriate.

Shareholders of the Company and potential investors are advised to take caution in dealing in shares in the Company.

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

Hong Kong, 24 December 2014

As at the date of this announcement, the Board comprises the following members: (a) as executive Directors, Mr Liu Xiaoguang, Mr Hu Huaimin and Mr Bai Zhaoxiang; (b) as nonexecutive Directors, Mr Chen Yunhua, Mr Qi Guang Ya and Mr Dong Li Yong; and (c) as independent non-executive Directors, Ms Leung Mei Han, Mr Cui Shu Ming and Dr Liu Yongping.