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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)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2013

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Yue Da Mining Holdings Limited (the "**Company**") announces the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31st December, 2013 (the "**Year**") together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER, 2013

	NOTES	2013 RMB'000	2012 RMB'000 (restated)
Continuing operation			
Revenue	3	**191,133**	337,712
Cost of sales		**(167,652)**	(223,595)
Gross profit		**23,481**	114,117
Other income		**12,536**	3,682
Other gains and losses	4	**25,600**	(7,303)
Impairment losses on assets	5	**(135,983)**	(191,675)
Impairment loss on available-for-sale investments		**—**	(54,493)
Administrative expenses		**(76,890)**	(64,106)
Finance costs	6	**(14,368)**	(10,639)
Loss before tax		**(165,624)**	(210,417)
Income tax credit	7	**25,475**	15,595
Loss for the year from continuing operation	8	**(140,149)**	(194,822)
Discontinued operation			
Loss for the year from discontinued operation	9	**(5,306)**	(37,822)
Loss and total comprehensive expenses for the year		**(145,455)**	(232,644)

	NOTE	**2013**	2012
		RMB'000	*RMB'000*
			(restated)
Loss and total comprehensive expenses for the year attributable to owners of the Company			
— from continuing operation		**(138,645)**	(211,004)
— from discontinued operation		**(2,706)**	(19,289)
		(141,351)	(230,293)
(Loss) profit and total comprehensive (expenses) income for the year attributable to non-controlling interests			
— from continuing operation		**(1,504)**	16,182
— from discontinued operation		**(2,600)**	(18,533)
		(4,104)	(2,351)
Loss per share	10		
From continuing and discontinued operations			
— Basic		**RMB(15.44) cents**	RMB(26.24) cents
— Diluted		**RMB(15.44) cents**	RMB(26.24) cents
From continuing operation			
— Basic		**RMB(15.14) cents**	RMB(24.04) cents
— Diluted		**RMB(15.14) cents**	RMB(24.04) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER, 2013

	NOTES	2013 RMB'000	2012 RMB'000
Non-current Assets			
Property, plant and equipment	12	**138,048**	126,620
Prepaid lease payments		**9,789**	10,054
Mining rights	13	**802,903**	956,533
Available-for-sale investments	14	**15,964**	15,964
Goodwill		**2,119**	—
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		**11,544**	8,604
Deposits paid for investments		**55,930**	—
Other receivables	15	**45,641**	95,148
		1,089,140	1,220,150
Current Assets			
Prepaid lease payments		**449**	446
Inventories		**55,378**	35,671
Trade and other receivables	15	**176,450**	95,923
Amounts due from related companies		**27,895**	31,037
Taxation receivable		**421**	2,124
Pledged bank deposit		**73,750**	—
Bank balances and cash			
— Cash at banks and on hand		**75,974**	191,527
— Short term bank deposit with maturity over three months		**10,000**	—
		420,317	356,728

	NOTE	**2013**	2012
		RMB'000	*RMB'000*
Current Liabilities			
Trade and other payables	16	**66,093**	64,242
Amounts due to related companies		**92,230**	40,709
Amounts due to directors		**120**	426
Taxation payable		**7,743**	18,972
Bank borrowings - due within one year		**207,286**	128,648
Obligations under finance leases		**—**	766
		373,472	253,763
Net Current Assets		**46,845**	102,965
Total Assets Less Current Liabilities		**1,135,985**	1,323,115

	2013	2012
	RMB'000	*RMB'000*
Capital and Reserves		
Share capital	**83,474**	83,474
Reserves	**670,619**	811,207
Equity attributable to owners of the Company	**754,093**	894,681
Non-controlling interests	**165,347**	168,931
Total equity	**919,440**	1,063,612
Non-current Liabilities		
Provisions	**2,219**	2,194
Deferred tax liabilities	**214,326**	257,309
	216,545	259,503
	1,135,985	1,323,115

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

In current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 - 2011 cycle
Amendments to HKFRS 7	Disclosures - Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC) - INT 20	Stripping costs in the production phase of a surface mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated financial statements", HKFRS 11 "Joint arrangements", HKFRS 12 "Disclosure of interests in other entities", HKAS 27 (as revised in 2011) "Separate financial statements" 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 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group 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) it 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 directors 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 consolidated financial statements for the adoption of HKFRS 10.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The Group has applied the amendments to HKAS 1 “Presentation of items of other comprehensive income”. Upon the adoption of the amendments to HKAS 1, the Group’s ‘statement of comprehensive income’ is renamed as the ‘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. Furthermore, 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 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. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS	Annual improvements to HKFRSs 2010 - 2012 cycle[4]
Amendments to HKFRS	Annual improvements to HKFRSs 2011 - 2013 cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
HKFRS 9	Financial instruments[3]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HK(IFRIC) - INT 21	Levies[1]

1 Effective for annual periods beginning on or after 1st January, 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1st July, 2014, with earlier application permitted.

3 Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

4 Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future will have impact on the classification and measurement in respect of the Group's available-for-sale investments but not on the Group's other financial assets and financial liabilities. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's financial performance and positions and/or on the disclosures set out in these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. REVENUE AND SEGMENT INFORMATION

Revenue

Revenue represents the aggregate of the net amounts received and receivable for the goods sold from continuing operation during the year and is analysed as follows:

	2013	2012
	RMB'000	*RMB'000*
Sale of zinc, lead and iron ore concentrates	**132,830**	173,952
Sale of compound gold	**58,303**	163,760
	191,133	337,712

Segment information

The Group's reportable and operating segments 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 are as follows:

— exploration, mining and processing of zinc, lead, iron and gold ("Mining Operations")

— management and operation of toll highway and bridge ("Toll Road Operation")

The Toll Road Operation was discontinued in the current year. Segment information for the year ended 31st December, 2012 has been restated. Details are set out in Note 9.

Segment result

After the discontinuance of the Toll Road Operation, the Group has one operating segment being Mining Operations which contribute the entire revenue of the continuing operation of the Group. The CODM reviewed the segment loss, other income, other gains and losses as described below, impairment loss on available-for-sale investments, central administration costs and finance costs for the purposes of resource allocation and performance assessment.

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Continuing operation		
Mining Operations revenue	**191,133**	337,712
Segment loss	**(147,164)**	(123,361)
Other income	**12,536**	3,682
Other gains and losses		
— Fair value gain on contingent consideration	**24,394**	20,731
— Net foreign exchange gain (loss)	**1,678**	(341)
— Loss upon extension of repayment terms on other receivables	**—**	(20,331)
— Loss arising an early repayment of promissory notes	**—**	(50)
Impairment loss on available-for-sale investments	**—**	(54,493)
Central administration costs	**(42,700)**	(25,615)
Finance costs	**(14,368)**	(10,639)
Loss before tax (continuing operation)	**(165,624)**	(210,417)

The accounting policies of the reportable and operating segment are the same as the Group's accounting policies.

Geographical information

All of external revenues of the Group in both years are attributable to customers established in the PRC, the place of domicile of the Group's major operating entities. More than 99% (2012: 99%) of the Group's non-current assets excluding other financial assets are located in the PRC.

4. OTHER GAINS AND LOSSES

	2013	2012
	RMB'000	*RMB'000*
Continuing operation		
Fair value change in contingent consideration *(Note)*	**24,394**	20,731
Loss arising on early repayment of promissory notes	**—**	(50)
Loss on disposal of property, plant and equipment	**(472)**	(7,312)
Loss upon extension of repayment of amount due from Disposal Group *(as defined in Note 14)*	**—**	(20,331)
Net foreign exchange gains (losses)	**1,678**	(341)
	25,600	(7,303)

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. 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 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 relating to the period from 1st January, 2013 to 30th June, 2013 (2012: 1st January, 2012 to 31st December, 2012). 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 change in contingent consideration of RMB24,394,000 (2012: RMB20,731,000) was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31st December, 2013. As at 31st December, 2013, the contingent consideration receivable amounted to RMB43,525,000 (2012: RMB20,731,000) was included in trade and other receivables as set out in Note 15.

5. IMPAIRMENT LOSSES ON ASSETS

	2013	2012
	RMB'000	*RMB'000*
Continuing operation		
Impairment losses on:		
— mining rights *(Note 13)*	**116,768**	160,274
— property, plant and equipment *(Note 12)*	**19,215**	31,401
	135,983	191,675

6. FINANCE COSTS

	2013	2012
	RMB'000	*RMB'000*
Continuing operation		
Interest on bank borrowings wholly repayable within five years	**9,256**	8,356
Effective interest on promissory notes	**—**	336
Effective interest on finance leases	**18**	178
Imputed interest on provisions	**25**	22
Interest on loan from a related party	**4,645**	—
Bank loan arrangement fees	**424**	1,747
	14,368	10,639

7. INCOME TAX CREDIT

	2013	2012
	RMB'000	*RMB'000*
Continuing operation		
Current tax		
— PRC Enterprise Income Tax	**9,203**	33,498
— withholding tax paid in respect of distribution of earning of a PRC subsidiary	**4,700**	—
Underprovision in prior years of PRC Enterprise Income Tax	**571**	426
	14,474	33,924
Deferred tax		
— current year	**(39,949)**	(49,519)
	(25,475)	(15,595)

8. LOSS FOR THE YEAR FROM CONTINUING OPERATION

	2013	2012
	RMB'000	*RMB'000*
Continuing operation		
Loss and total comprehensive expense for the year has been arrived at after charging (crediting) the following items:		
Allowance for inventories (included in cost of sales)	**4,383**	—
Amortisation of mining rights (included in cost of sales)	**46,102**	51,267
Depreciation of property, plant and equipment	**24,717**	30,043
Release of prepaid lease payments	**262**	1,591
Auditors' remuneration	**2,000**	2,108
Cost of inventories sold	**121,550**	172,328
Employee benefit expense, including directors' remuneration and share-based payment expense	**57,597**	55,914
Interest income from bank deposits	**(5,691)**	(2,330)
Imputed interest income on amount due from Disposal Group	**(3,899)**	(1,026)

9. LOSS FOR THE YEAR FROM DISCONTINUED OPERATION

The Toll Road Operation 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 Operation accordingly. This operating segment is classified as discontinued operation.

	2013	2012
	RMB'000	*RMB'000*
Revenue	**8,042**	21,347
Direct operating costs	**(10,010)**	(32,610)
Gross loss	**(1,968)**	(11,263)
Other income	**45**	79
Other gains and losses	**—**	8
Impairment losses on assets	**—**	(22,185)
Administrative expenses	**(6,417)**	(6,789)
Loss before tax	**(8,340)**	(40,150)
Income tax credit	**3,034**	2,328
Loss for the year	**(5,306)**	(37,822)

	2013	2012
	RMB'000	*RMB'000*
Loss for the year from discontinued operation has been arrived at after charging (crediting) the following:		
Amortisation of other intangible assets (included in direct operating costs)	**345**	21,408
Depreciation of property, plant and equipment	**171**	733
Impairment losses on:		
— property, plant and equipment *(Note 12)*	**—**	926
— other intangible assets	**—**	20,777
— goodwill	**—**	482
Interest income from bank deposits	**(45)**	(79)
Gain on disposal of property, plant and equipment	**—**	(8)
Employee benefit expense (including severance payments to employees of RMB5,038,000 (2012: nil))	**11,236**	10,010
PRC Enterprise Income Tax	**—**	(876)
Deferred tax	**(3,034)**	(1,452)

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

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

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:

	Continuing and discontinued operations		Continuing operation	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Loss				
Loss for the year attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	**(141,351)**	(230,293)	**(138,645)**	(211,004)
Number of shares	**Number**	Number	**Number**	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**915,691,876**	877,716,754	**915,691,876**	877,716,754

Basic loss per share for the discontinued operation is RMB0.30 cents (2012: RMB2.20 cents), based on the loss for the year attributable to owners of the Company from the discontinued operation of RMB2,706,000 (2012: RMB19,289,000) and the denominators detailed above for basic loss per share.

The computation of the diluted loss per share for the year ended 31st December, 2013 and 2012 does not assume the exercise of the share options because they would result in reduction in loss per share.

11. DIVIDEND

Dividend recognised as distribution during the year:

	2013	2012
	RMB'000	*RMB'000*
2013 Interim - nil per share (2012: HK1 cent per share)	**—**	7,267

No final dividend has been proposed by the directors for both years.

12. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31st December, 2013, an impairment loss amounting to RMB19,215,000 (2012: RMB31,401,000) for continuing operation and nil (2012: RMB926,000) for discontinued operation was recognised respectively. Impairment assessment for continuing operation are set out in Note 13.

13. MINING RIGHTS

During the year ended 31st December, 2013, the management conducted an impairment review on the related assets of certain subsidiaries which are engaging in mining and processing of zinc, lead and silver located in Yunnan Province and Shaanxi Province of the PRC, due to (1) continuing decline in market price of zinc and lead; and (2) the suspension of the operations of Yaoan Feilong Mining Co., Ltd. in view of the decline in market price of lead and silver and the loss making operational conditions. Management considered each subsidiary represents a separate cash generating unit ("CGU") for the purpose of impairment testing.

For the purpose of the impairment testing, the management compared the value in use of the CGUs with the fair value less costs to sell of the CGUs and concluded that the value in use is higher than the fair value less costs to sell. Value in use calculations are based on estimated cash flow projections prepared from financial forecasts approved by the directors of the Company that reflect the net cash flows to be generated from the CGUs which represented the cash flows from the sales of the mineral concentrates from the production of the estimated minerals as extracted from the mines of each CGU less the estimated cost of the production of the mineral concentrates, at discount rates with a range of 18.73% to 22.73% (2012: 20.25% to 24.25%). Other key assumptions for the value in use calculation relate production rate. The value in use calculations of these CGUs that are engaged in mining and processing of zinc, lead and silver are less than the carrying amounts of the respective CGUs. Hence, aggregate impairment losses of RMB116,768,000 and RMB19,215,000 (2012: RMB160,274,000 and RMB31,401,000) have been recognised on mining rights and production assets of Mining Operations included in the Group's property, plant and equipment respectively.

14. AVAILABLE-FOR-SALE INVESTMENTS

	2013	2012
	RMB'000	*RMB'000*
Unlisted equity securities:		
At cost	**70,457**	70,457
Less: Impairment	**(54,493)**	(54,493)
	15,964	15,964

On 16th August, 2011, the Group entered into a disposal agreement with Feng Hua Group Limited ("Feng Hua"), an independent third party, to dispose of the 41.1% of the issued capital of certain subsidiaries which held the entire equity interest in certain subsidiaries incorporated in PRC (collectively refer to as the "Disposal Group"), the principal activities of which are mining and processing of zinc and lead, at a cash consideration of RMB59,097,000. In addition, the Group's shareholders' loan to the Disposal Group amounted to RMB31,903,000 has been assigned to Feng Hua. Total consideration for the disposal of 41.1% of issued capital and the assignment of shareholders' loan amounted to RMB91,000,000. The disposal was completed on 30th December, 2011 on which date control of the Disposal Group was passed to the acquirer. Upon completion of the disposal, the Group has retained 49% of the equity interest in Disposal Group and will not be entitled to appoint any director to Disposal Group nor allowed to involve in the management, financial and operating decisions, and day to day operations of Disposal Group. The future operations of the Disposal Group shall be funded solely by Feng Hua when necessary. Accordingly, the remaining 49% interest of Disposal Group owned by the Group was classified as available-for-sale investments of the Group and measured at fair value at initial recognition. Since the Disposal Group does not have a quoted market price in an active market, in the opinion of the directors of the Company, the fair values of these unlisted equity securities cannot be measured reliably subsequent to initial recognition and are measured at cost less any identified impairment losses.

Certain group entities of the Disposal Group are the holders of certain exploration and mining licenses in respect of certain mines located at Wengniuteqi, Chifeng City, Inner Mongolia, the PRC. The predominant minerals in the mines are lead and zinc. The Disposal Group is principally engaged in the exploration, mining and processing of lead ore and zinc ore extracted from these mines. During the year ended 31st December, 2012, an objective evidence of impairment was considered to exist due to (i) the continuous decline of the market price of minerals in the second half of 2012; (ii) tight of safety and environmental requirements introduced by the PRC government on mining industry; (iii) an increase in raw material prices and production costs; and (iv) the deferral of the production schedule of the Disposal Group, which results in operating losses incurred by the Disposal Group. The major assets and liabilities of the Disposal Group are certain mining rights and the shareholders' loan. The directors of the Company performed an impairment assessment during the year ended 31st December, 2012 and determined the impairment loss based on the present value of the estimated future cash flows expected to be generated by the investee which represented the net cash flows of (i) the revenue from the sales of the mineral concentrates from the production of the estimated minerals as extracted from the mines of the CGU and (ii) the estimated cost of the production of the mineral concentrates. Other key assumptions for the calculation related to the estimation of cash inflows/outflows which include production rate and gross margin.

In the opinion of the directors, with the decline in the estimated economic benefits to be generated from the Disposal Group, the Group recognised an impairment loss on the available-for-sale investments by RMB54,493,000 during the year ended 31st December, 2012.

15. TRADE AND OTHER RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Current		
Trade receivables	**9,539**	59,699
Advance payments to suppliers	**4,439**	8,867
Contingent consideration receivable *(Note 4)*	**43,525**	20,731
Loan receivables	**48,775**	—
Deferred consideration receivable	**41,395**	—
Other receivables and prepayments	**28,777**	6,626
	176,450	95,923
Non-current		
Deferred consideration receivable	**—**	53,406
Amount due from Disposal Group	**45,641**	41,742
	45,641	95,148
	222,091	191,071

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:

	2013	2012
	RMB'000	*RMB'000*
0–60 days	**6,955**	56,861
121–180 days	**2,584**	1,067
over 180 days	**—**	1,771
	9,539	59,699

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with a satisfactory trustworthy history. Credit limits attributed to customers are reviewed regularly.

16. TRADE AND OTHER PAYABLES

Included in the trade and other payables are trade payables of RMB7,845,000 (2012: RMB4,901,000). The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2013	2012
	RMB'000	*RMB'000*
0–60 days	**5,348**	3,186
61–120 days	**1,153**	621
over 120 days	**1,344**	1,094
	7,845	4,901

The average credit period on purchases of goods is 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit period.

FINANCIAL HIGHLIGHTS

The Group recorded an operating revenue of RMB191,133,000 in the Year, representing a decrease of approximately 43.4% from RMB337,712,000 in 2012. Gross operating profit amounted to RMB23,481,000 in the Year, representing a decrease of approximately 79.4% as compared to RMB114,117,000 in 2012. The nonferrous metal market was challenging during the Year 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 Year. Affected by the impairment of mining rights and property, plant and equipment of the Group of RMB116,768,000 and RMB19,215,000 respectively, audited loss and total comprehensive expense attributable to the owners of the Company for the Year amounted to RMB141,351,000 (corresponding period of last year: RMB230,293,000) and basic loss per share amounted to RMB15.44 cents for the Year.

DIVIDENDS

The Board did not recommend the payment of any final dividend for the Year (2012: nil).

BUSINESS REVIEW

Overview

The Group was principally engaged in the Mining Operations and (before end of May 2013) the Toll Road Operation. During the Year, the Mining Operations realized an operating revenue of RMB191,133,000 with a segment loss of RMB147,164,000, whereas the Toll Road Operation recorded a net operating revenue of RMB8,042,000 and a segment loss of RMB5,306,000.

Mining Operations

During the Year, the Mining Operations recorded an operating revenue of RMB191,133,000 (corresponding period of 2012: RMB337,712,000) with a gross profit of RMB23,481,000 (corresponding period of 2012: RMB114,117,000) and gross profit margin of approximately 12.3% (corresponding period of 2012: 33.8%).

During the Year, Tengchong Ruitu Mining and Technology Company Limited ("Tengchong Ruitu"), a subsidiary of the Company, completed the construction of tailings main warehouse. The construction was fully completed during the Year, thus securing the normal production of its processing plant for over 10 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.

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 Year, the performance of Tong Ling Guan Hua was affected by the deferral of the production plan and the decline in market price of gold during the six months ended 30th June, 2013, 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 Year.

To maintain recurring sales and cashflows to the Group, four strategic co-operation agreements, each 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"), details of which were disclosed in the announcements of the Company dated 21st November, 2008, 9th December, 2008 and 22nd December, 2009 respectively. The above agreements continued to be in force during the Year.

The ores extracted during the Year amounted to 2,115,408 tons with a unit mining cost (excluding gold ores) of approximately RMB121.7 per ton (2012: RMB115.5 per ton) and a unit processing cost (excluding gold ores) of approximately RMB93.7 per ton (2012: RMB100.3 per ton). The Mining Operations included the processing of metal ore concentrates such as zinc ore concentrates of 5,188.34 metal tons, lead ore concentrates (including silver) of 1,213.6 metal tons, iron ore concentrates of 111,311.62 tons and gold of 273.95 kilograms. During the Year, the metal ore concentrates were sold at an average price (after tax) of RMB7,097.52 per metal ton for zinc ore concentrates, RMB11,169.15 per metal ton for lead ore concentrates (with silver content), RMB638.68 per ton for iron ore concentrates and RMB265.74 per gram of gold.

Toll Road Operation

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 December 2012: 15,055). The operating revenue achieved RMB8,042,000 and recorded a loss of RMB5,306,000.

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

Impairment Losses on Assets

During the Year, 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, lead and silver and located in Yunnan Province and Shaanxi Province of the PRC, due to (1) continuing decline in the price of zinc and lead; and (2) the suspension of the operations of Yaoan Feilong in view of the decline in market price of lead and silver and the loss making operational conditions.

Acquisition of 95% interests in Tong Ling Renewable

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. The tailings and residues remained after the mining and processing of gold ores by Tong Ling Guan Hua are currently used by Tong Ling Renewable for its further processing and sale and generate further revenue for the Group. The acquisition of Tong Ling Renewable was completed during the Year.

Proposed investment in a Vietnam slag factory

On 21st January, 2013, the Company announced that Yue Da Mining Limited ("YDM"), a wholly owned subsidiary of the Company, 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 ("New Aims") 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) a call option deed pursuant to which 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).

Upon completion of the Subscription Agreement, the Company will indirectly held a majority interest in a slag factory in Vietnam (through Everwise).

To enjoy the benefit from possible recovery of slags price at a minimal cost, on 17th October, 2013, YDM entered into a call option agreement ("Call Option Agreement") with New Aims. Under the Call Option Agreement, New Aims has granted an option to YDM to acquire 35% of the issued share capital of Everwise during the period from the completion of the Subscription Agreement to 31st December, 2014 at a consideration of US4 million at an option premium of HK$100.

Please refer to the circular of the Company dated 17th April, 2013 and the announcement of the Company dated 17th October, 2013 for details of the above transactions. As at the date of this announcement, the completion of the Subscription Agreement has not taken place.

Proposed acquisition of the entire equity interests in a Vietnam mining company

On 5th September, 2013, the Company announced that YDM entered into a conditional sale and purchase agreement to acquire 100% equity interests and related shareholder's loan of Expert Union Investments Limited and Sky Modern Investments Limited ("Target Companies") at a consideration of US34 million (subject to adjustment) ("Acquisition Agreement"). The principal asset of the Target Companies is 100% equity interests in Sao Mai Joint Stock Company ("Sao Mai"), a Vietnam company principally engaged in the exploration of the mine which contain ilmenite, zircon, rutile and monazite ore deposits located in Hong Phong Ward and Hoa Thang Ward, Bac Binh District, Binh Thuan Province, Vietnam, which covers an aggregate site area of not less than 320 hectares, where the mining license in respect of which is to be held by Sao Mai.

Please refer to the announcement of the Company dated 5th September, 2013 for details of the above transaction. As at the date of this announcement, the completion of the Acquisition Agreement has not taken place.

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

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 Mining for a consideration of RMB56.99 million. Upon completion of such disposal, Yuechuan Mining will cease to be a subsidiary of the Company. As at the date of this announcement, due to the requests for further information by the commerce department and other relevant authorities which have not yet been provided by the purchasers, the disposal is not yet completed.

Prospect

As mentioned in the 2013 interim report of the Company, the environment for the mining business in the second half of 2013 was as difficult as in the fist half of 2013. Nevertheless, 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 tailing main warehouse of Tengchong Ruitu, 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 to have 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.

As mentioned in the paragraphs headed "Proposed investment in a Vietnam slag factory" and "Proposed acquisition of the entire equity interests in a Vietnam mining company" above, the Company proposed to invest in ilmenite, rutile, zircon and monizate mine and slag factory in Vietnam. The Board believes that such proposed investments will diversify the revenue stream of the Group and have significant contribution to the performance of the Group in the future.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 4th June, 2014 to 12th June, 2014, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to determine the identity of the shareholders of the Company who are entitled to attend and vote at the annual general meeting (the "AGM") of the Company to be held on 12th June, 2014, all transfer of shares in the Company accompanied by the relevant share certificates must be lodged with the Company's branch shares registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 3rd June, 2014.

Notice of the AGM will be published and despatched to the shareholders of the Company in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") in due course.

FINANCIAL POSITION

Liquidity and Financial Resources

As at 31st December, 2013, the Group's current assets were RMB420,317,000 (2012: RMB356,728,000), of which RMB85,974,000 (2012: RMB191,527,000) were bank balances and cash. As at 31st December, 2013, the net asset value of the Group amounted to RMB919,440,000, representing a decrease of approximately 13.6% as compared to RMB1,063,612,000 in 2012. The gearing ratio (total liabilities/total assets) of the Group was approximately 39.1% (2012: 32.5%).

As at 31st December, 2013, the issued share capital of the Company was RMB83,474,000 (2012: RMB83,474,000). The Company's reserve and non-controlling interests were RMB670,619,000 (2012: RMB811,207,000) and RMB165,347,000 (2012: RMB168,931,000), respectively. As at 31st December, 2013, the Group had total current liabilities of RMB373,472,000 (2012: RMB253,763,000), mainly comprising bank borrowings, taxation payable, amount due to related companies and trade and other payables. The total non-current liabilities of the Group amounted to RMB216,545,000 (2012: RMB259,503,000), mainly comprising provisions and deferred tax liabilities. The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi and Hong Kong dollars. During the Year, most of the transactions were denominated and settled in Renminbi. The Group believes that its exposure to exchange rate risk is minimal and thus the Group did not have a hedging policy in this regard.

CONTINGENT LIABILITIES AND CHARGE ON THE GROUP'S ASSETS

As at 31st December, 2013, save as deposit amounting to RMB73,750,000 (2012: nil) is pledged to secure short term bank loan, the Group did not have any guarantees and charges nor any other material contingent liabilities.

CAPITAL STRUCTURE OF THE GROUP

The capital structure of the Group consists of debts, which include amount due to related companies, 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.

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 RMB1,678,000 during the Year. The Group was not engaged in any hedging by financial instruments in relation to the exchange rate risk.

EMPLOYEE AND REMUNERATION POLICY

As at 31st December, 2013, the Group had a total of approximately 961 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 Year, 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 LISTED SECURITIES

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

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 Year, 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 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 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 Year.

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 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 27th March, 2014, the audit committee reviewed the accounting principles and practices adopted by the Group, the annual results of the Group for the Year and the continuing connected transactions carried out by the Group during the Year, 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 2013 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's annual report for the Year will be published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.yueda.com.hk in due course.

By order of the Board
Yue Da Mining Holdings Limited
ChenYunhua
Chairman

Hong Kong, 27th March, 2014

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