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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)

Interim Results Announcement For the Six Months Ended 30th June, 2015

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, 2015 (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, 2015

		Six months ended	
	NOTES	30.6.2015 RMB'000 (unaudited)	30.6.2014 RMB'000 (unaudited)
Continuing operation			
Revenue	3	68,132	67,169
Cost of sales		<u>(60,478)</u>	<u>(66,363)</u>
Gross profit		7,654	806
Other income		6,033	2,295
Other gains and losses	4	1,322	13,305
Impairment losses on assets	5	(68,087)	—
Administrative expenses		(29,964)	(28,994)
Finance costs	6	<u>(10,940)</u>	<u>(7,261)</u>
Loss before tax		(93,982)	(19,849)
Income tax credit	7	<u>8,877</u>	<u>3,258</u>
Loss for the period from continuing operation	8	(85,105)	(16,591)
Discontinued operation			
Profit for the period from discontinued operation	9	<u>4,133</u>	<u>7,864</u>
Loss and total comprehensive expense for the period		<u>(80,972)</u>	<u>(8,727)</u>
(Loss) profit and total comprehensive (expense) income for the period attributable to owners of the Company			
— from continuing operation		(86,149)	(14,380)
— from discontinued operation		<u>2,108</u>	<u>9,247</u>
		<u>(84,041)</u>	<u>(5,133)</u>
Profit (loss) and total comprehensive income (expense) for the period attributable to non-controlling interests			
— from continuing operation		1,044	(2,211)
— from discontinued operation		<u>2,025</u>	<u>(1,383)</u>
		<u>3,069</u>	<u>(3,594)</u>

		Six months ended	
		30.6.2015	30.6.2014
	<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Loss per share	11		
From continuing and discontinued operations			
— Basic		<u>RMB(9.18) cents</u>	<u>RMB(0.56) cents</u>
— Diluted		<u>RMB(9.18) cents</u>	<u>RMB(0.56) cents</u>
From continuing operation			
— Basic		<u>RMB(9.41) cents</u>	<u>RMB(1.57) cents</u>
— Diluted		<u>RMB(9.41) cents</u>	<u>RMB(1.57) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2015

	<i>NOTES</i>	30.6.2015 RMB'000 (unaudited)	31.12.2014 RMB'000 (audited)
Non-current Assets			
Property, plant and equipment		85,093	104,639
Prepaid lease payments		9,233	9,418
Mining rights		565,900	614,606
Available-for-sale investments		—	4,841
Goodwill		2,119	2,119
Long term deposits		7,352	7,352
Deposits paid for acquisition of property, plant and equipment and a land use right		167	4,602
Other receivables	12	—	27,277
		669,864	774,854
Current Assets			
Prepaid lease payments		449	449
Available-for-sale investments		4,841	—
Inventories		33,237	41,334
Trade and other receivables	12	179,635	132,026
Amounts due from related companies		106,974	27,895
Taxation receivable		224	224
Pledged bank deposit		100,540	100,540
Bank balances and cash		25,245	23,520
		451,145	325,988
Current Liabilities			
Trade and other payables	13	68,645	54,760
Amounts due to related companies		101,926	91,250
Amounts due to directors		201	297
Taxation payable		4,409	4,409
Bank borrowings — due within one year		149,860	189,860
		325,041	340,576
Net Current Assets (Liabilities)		126,104	(14,588)
Total Assets Less Current Liabilities		795,968	760,266

	<i>NOTE</i>	30.6.2015 <i>RMB'000</i> (unaudited)	31.12.2014 <i>RMB'000</i> (audited)
Capital and Reserves			
Share capital		83,658	83,474
Reserves		362,945	446,078
		<hr/>	<hr/>
Equity attributable to owners of the Company		446,603	529,552
Non-controlling interests		91,035	87,966
		<hr/>	<hr/>
Total Equity		537,638	617,518
		<hr/>	<hr/>
Non-current Liabilities			
Corporate bonds	14	124,445	—
Provisions		2,260	2,246
Deferred tax liabilities		131,625	140,502
		<hr/>	<hr/>
		258,330	142,748
		<hr/>	<hr/>
		795,968	760,266
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2014.

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

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

3. SEGMENT INFORMATION

The Group’s reportable and operating segment under HKFRS 8, based on information reported to the chief operating decision maker (“CODM”), represented by the executive directors, for the purposes of resource allocation and performance assessment 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 six months ended 30th June, 2013. Details are set out in note 9.

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

	Six months ended	
	30.6.2015	30.6.2014
	RMB’000	RMB’000
Continuing operation		
Mining Operations revenue	68,132	67,169
Segment loss	(80,272)	(16,636)
Other income	6,033	2,295
Other gains and losses		
— Adjustment on other receivables upon repayment	—	3,906
— Net foreign exchange gains	1,322	851
— Gain on disposal of a subsidiary	—	8,532
Central administration costs	(10,125)	(11,536)
Finance costs	(10,940)	(7,261)
Loss before tax (continuing operation)	(93,982)	(19,849)

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

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2015	30.6.2014
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operation		
Adjustment on other receivables upon repayment (<i>Note 12(iv)</i>)	—	3,906
Net foreign exchange gains	1,322	851
Gain on disposal of property, plant and equipment	—	16
Gain on disposal of a subsidiary	—	8,532
	<u>1,322</u>	<u>13,305</u>

5. IMPAIRMENT LOSSES ON ASSETS

	Six months ended	
	30.6.2015	30.6.2014
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operation		
Impairment losses on:		
— property, plant and equipment	27,263	—
— mining rights	40,824	—
	<u>68,087</u>	<u>—</u>

6. FINANCE COSTS

	Six months ended	
	30.6.2015	30.6.2014
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operation		
Interest on bank borrowings wholly repayable within five years	5,849	4,400
Imputed interest on provision	14	13
Interest on corporate bonds	2,142	—
Interest on loan from a related party	2,935	2,848
	<u>10,940</u>	<u>7,261</u>

7. INCOME TAX CREDIT

	Six months ended	
	30.6.2015	30.6.2014
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operation		
People's Republic of China ("PRC") Enterprise Income Tax		
— current period	—	799
— withholding tax paid in respect of distribution of earnings of PRC subsidiaries	—	4,200
Underprovisions in prior years	—	465
Deferred tax		
— current period (<i>Note</i>)	<u>(8,877)</u>	<u>(8,722)</u>
	<u>(8,877)</u>	<u>(3,258)</u>

Note: During the six months ended 30th June, 2015, an amount of approximately RMB10,206,000 (for the six months ended 30th June, 2014: nil) was credited to profit or loss from continuing operation for the release of deferred tax liability in respect of temporary difference associated with the fair value adjustment on mining rights to the extent of the impairment loss recognised for mining rights.

The income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong. The applicable tax rates of those PRC mining subsidiaries ranged from 15% to 25% for the six months ended 30th June, 2015 (for the six months ended 30th June, 2014: 15% to 25%).

8. LOSS FOR THE PERIOD FROM CONTINUING OPERATION

	Six months ended	
	30.6.2015	30.6.2014
	<i>RMB'000</i>	<i>RMB'000</i>
Loss 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)	7,882	4,582
Depreciation of property, plant and equipment	6,854	9,352
Release of prepaid lease payments	185	185
Total depreciation and amortisation	<u>14,921</u>	<u>14,119</u>
Cost of inventories sold	52,596	61,781
Share-based payments expense	78	131
Interest income from bank deposits	(4,073)	(558)
Imputed interest income on amount due from Disposal Group (<i>as defined in Note 12</i>)	<u>(684)</u>	<u>(1,572)</u>

9. PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATION

The Group ceased its Toll Road Operations upon the expiry of the operating rights of toll road highway and bridge in May 2013. This operating segment is classified as discontinued operation.

	Six months ended	
	30.6.2015 RMB'000	30.6.2014 RMB'000
Government compensation (<i>note</i>)	—	14,248
Other income	10	4
Gain on disposal of property, plant and equipment	5,271	—
Administrative expenses	(1,148)	(2,826)
	<hr/>	<hr/>
Profit before tax	4,133	11,426
Income tax expense	—	(3,562)
	<hr/>	<hr/>
Profit for the period	4,133	7,864
	<hr/> <hr/>	<hr/> <hr/>
Profit for the period from discontinued operation has been arrived at after charging (crediting) the following:		
Depreciation of property, plant and equipment	—	118
Gain on disposal of property, plant and equipment	(5,271)	—
Interest income from bank deposits	(10)	(4)
	<hr/> <hr/>	<hr/> <hr/>

Note: Since April 2013, the Company has been taking steps to seek compensation for its loss from the local government in Langfang City, Hebei Province arising from a change in location of a toll station as requested by the government. In June 2014, the government approved a compensation of RMB14.25 million.

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 on which the operation is discontinued.

10. DIVIDEND

No dividend was paid, declared or proposed during six months ended 30th June, 2015. The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30th June, 2015.

11. 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	
	Six months ended		Six months ended	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
	RMB'000	RMB'000	RMB'000	RMB'000
Loss				
Loss for the period attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	<u>(84,041)</u>	<u>(5,133)</u>	<u>(86,149)</u>	<u>(14,380)</u>
Number of shares	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>915,879,491</u>	<u>915,691,876</u>	<u>915,879,491</u>	<u>915,691,876</u>

Basic earnings per share for the discontinued operation is RMB0.23 cents (for the six months ended 30th June, 2014: RMB1.01 cents), based on the earnings for the period attributable to owners of the Company from the discontinued operation of RMB2,108,000 (for the six months ended 30th June, 2014: RMB9,247,000) and the denominators detailed above for basic loss per share.

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

12. TRADE AND OTHER RECEIVABLES

	30.6.2015	31.12.2014
	RMB'000	RMB'000
Current		
Trade receivables	5,804	1,238
Bills receivables	9,626	2,100
Advance payments to suppliers	14,949	4,609
Deposits paid for investments (<i>Note i</i>)	61,254	61,204
Loan receivable (<i>Note ii</i>)	48,919	48,952
Amount due from Disposal Group (<i>Note iv</i>)	18,503	—
Other receivables and prepayments	20,580	13,923
	<u>179,635</u>	<u>132,026</u>
Non-current		
Deferred consideration receivable (<i>Note iii</i>)	—	9,458
Amount due from Disposal Group (<i>Note iv</i>)	—	17,819
	<u>—</u>	<u>27,277</u>
	<u>179,635</u>	<u>159,303</u>

Notes:

- (i) During the year ended 31st December, 2013, a wholly owned subsidiary of the Company, Yue Da Mining Limited (“YDM”), entered into 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”), a company incorporated in the British Virgin Islands, at US\$6 million (approximately RMB37,692,000); and New Aims Holdings Limited (“New Aims”), an independent third party and the original shareholder of Everwise shall subscribe for 40% (as enlarged upon completion of the Subscription Agreement) of the issued share capital of Everwise at US\$4 million (approximately RMB25,128,000). Up to 30th June, 2015, pursuant to the Subscription Agreement, a deposit of US\$3 million (approximately RMB18,345,000) (31st December, 2014: US\$3 million (approximately RMB18,357,000)) has been paid to Everwise (“Everwise Deposit”).

During the year ended 31st December, 2013, YDM and New Aims also entered into a call option agreement, pursuant to which New Aims has granted an option (“Everwise Option”) to YDM at an option premium of HK\$100. Pursuant to the Everwise Option, YDM can acquire an aggregate of 350 shares of Everwise which represent 35% of the issued share capital of Everwise to be held by New Aims immediately after the completion of the Subscription Agreement at an exercisable price of US\$4 million. The Everwise Option is exercisable immediately after completion of the Subscription Agreement to 31st December, 2014.

Additional time is required by Everwise and its subsidiary to fulfill the conditions set out in the Subscription Agreement. On 31st December, 2013, YDM, New Aims and Everwise have agreed in writing to extend the long stop date to 30th June, 2014 in accordance with the Subscription Agreement. On 30th June, 2014, YDM, the New Aims and Everwise have agreed in writing to further extend the long stop date to 31st December, 2014. As certain conditions precedent to the Subscription Agreement were not fulfilled on 31st December, 2014 (and the long stop date was not further extended), the Subscription Agreement was terminated on the same day.

Under the Subscription Agreement, a bank account (“Joint Account”) under the name of I-Treasure Investments Limited (“I-Treasure”), a wholly owned subsidiary of Everwise, 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 Everwise Deposit. On 15th May, 2015, the proceedings between a bank (“Bank”) (as the plaintiff), I-Treasure (as the 1st defendant) and YDM (as the 2nd defendant) commenced by originating summons on the application by Bank for an order that I-Treasure and YDM state the nature of their claims on the monies in the Joint Account. On 15th May, 2015, 20th May, 2015 and 16th June, 2015, the affirmation of Bank, YDM and I-Treasure were respectively filed. On 17th June 2015, the Court ordered that Bank to pay the monies in the Joint Account into the Court and the Bank be excused and released from further participation of the proceedings. On 29th July, 2015, the 2nd affirmation of YDM was filed and a summons was filed for the application on the part of I-Treasure for an order of extension of 28 days to file and serve their affirmation. As at the date of the authorisation of the issue of the condensed consolidated financial statements, YDM is pending I-Treasure to file their 2nd affirmation and will proceed according to the relevant civil litigation procedures in Hong Kong.

Since the Subscription Agreement has lapsed, the option period of the Everwise Option will not commence and the Everwise Option lapsed on 31st December, 2014 accordingly.

During the year ended 31st December, 2013, YDM entered into an acquisition agreement (“Acquisition Agreement”) with the vendor, an independent third party (“Vendor”). Pursuant to the Acquisition Agreement, YDM conditionally agreed to acquire and the Vendor conditionally agreed to sell (i) the entire issued share capital of two companies which are incorporated in the British Virgin Islands (“Target Companies”) and (ii) the shareholder loans which represent the aggregate amount as equals the entirety of the face value of the loans outstanding as at the completion date of the Acquisition Agreement made by or on behalf of the Vendor to the Target Companies and all title, benefits and interests thereon, at the consideration of US\$34 million (subject to any downward adjustments). The Target Companies have entered into sale and purchase agreements to acquire the entire capital of a company incorporated in Vietnam (“Vietnam Company”) which is principally engaged in the exploration of the certain mines in Vietnam which contain ilmenite, zircon, rutile and monazite ore resources. Additional time is required by the Group to conduct due diligence on the Target Companies and Vietnam Company. On 30th June, 2014, YDM and the Vendor have agreed in writing to extend the long stop date to 30th September, 2014. As certain conditions precedent to the Acquisition Agreement were not

fulfilled on 15th November, 2014 (and the long stop date was not further extended), the Acquisition was terminated on the same day. Up to 30th June, 2015, pursuant to the Acquisition Agreement, an aggregate deposits of US\$7 million (approximately RMB42,909,000) (31st December, 2014: US\$7 million (approximately RMB42,847,000)) have been paid to the Vendor (“Deposits”). In connection with the Acquisition Agreement, the charges over the entire issued share capital in Target Companies and the mortgage over the shares of the Vietnam Company in favour of YDM were made to secure repayments of the Deposits.

With the termination of the Subscription Agreement and the Acquisition Agreement, the aggregate deposits paid up to 30th June, 2015 pursuant to the Subscription Agreement and the Acquisition Agreement amounting to US\$10 million (approximately RMB61,254,000) become due. The directors of the Company consider that the amount of the deposits will be repaid within one year from 30th June, 2015 and accordingly, the amount is classified as current asset at 30th June, 2015 (31st December, 2014: current).

- (ii) During the year ended 31st December, 2013, YDM entered into a loan agreement and subsequent supplemental agreement (“Loan Agreement”) with Mineral Land Holdings Limited (“Mineral Land”), an independent third party which has the same ultimate shareholder of New Aims and Everwise whereby YDM provided to Mineral Land loan facility of up to US\$16 million (approximately RMB100,500,000) for a term of one year, carrying a fixed-sum interest of US\$1 million payable on the maturity date of the loan. The facility is secured by (1) a pledge of 60% equity interest in a company incorporated in Vietnam and (2) a charge of the entire issued share capital of Everwise (“Everwise Shares”) as held by New Aims (“Share Charge”). The facility is also guaranteed by a personal guarantee executed by an independent third party. On 23rd January, 2014, YDM and Mineral Land have agreed in writing to extend the maturity date of the Loan Agreement from 23rd January, 2014 to 23rd January, 2015. The loan was matured on 23rd January, 2015, YDM is in the progress to negotiate with the relevant parties for the settlement arrangement. As at 30th June, 2015, loan owed by Mineral Land is US\$8 million (approximately RMB48,919,000) (31st December, 2014: US\$8 million (approximately RMB48,952,000)) (“Mineral Land Loan”). Due to certain defaults of the Loan Agreement, the Company has the right to enforce the security under the Share Charge, including taking possession of the Everwise Shares and appointing nominee directors (“BVI Enforcement”). The Group has engaged the legal advisor to commence the process of enforcement of the Share Charge and on 16th July, 2015 a Fixed Date Claim Form together with other documents were served and filed to the BVI court. As at the date of the authorisation of the issue of the condensed consolidated financial statements, the Company has listed for a hearing at BVI court in respect of the BVI Enforcement which is tentatively 12th October, 2015.

During the year ended 31st December, 2013, a call option deed (“Mineral Land Option Deed”) was executed by Solid Success International Limited (“Solid Success”), an independent third party and the immediate holding company of Mineral Land, in favour of YDM pursuant to which Solid Success has granted a call option (“Mineral Land Option”) to YDM to require Solid Success to sell (a) the entire issued share capital of Mineral Land as held by Solid Success and (b) the benefit of shareholder’s loan from Solid Success to Mineral Land, at not more than an aggregate consideration of US\$36 million (subject to adjustment). The Mineral Land Option is exercisable within a period of one year from the date when the call option deed was entered into which shall expire on 20th January, 2014. On 23rd January, 2014, YDM, Solid Success and Mineral Land have entered into a supplemental deed to extend the expiry date of the exercise period of the Mineral Land Option from 20th January, 2014 to 20th January, 2015. The Mineral Land Option Deed is expired on 20th January, 2015.

- (iii) At 31st December, 2014, the amount was receivable from Feng Hua Group Limited (“Feng Hua”) for the remaining balance of the deferred consideration for the disposal of 41.1% of the issued capital of certain subsidiaries which held the entire equity interest in certain subsidiaries incorporated in the PRC (collectively refer to as the “Disposal Group”). Under the original sales and purchase agreement, the amount was unsecured, interest-free and repayable on or before 30th June, 2012.

On 29th June, 2012, the Company and Feng Hua entered into a supplemental sales and purchase agreement, pursuant to which the Company and Feng Hua agreed to extend the date of repayment of the remaining balance due from Feng Hua to 30th June, 2014. The 51% equity interests of the Disposal Group as held by Feng Hua have been pledged in favour of the Group to secure the performance of payment obligations of Feng Hua.

On 3rd July, 2014, the Company and Feng Hua entered into another supplemental sales and purchase agreement, pursuant to which the parties agreed (i) to extend the last date of payment in full of the remaining receivable due from Feng Hua to 30th June, 2016; (ii) that Feng Hua shall pay an interest of 4% per annum on the outstanding balance from 1st July, 2014 to the date of full repayment of the outstanding balance (both days inclusive), and (iii) that the Company maintains the right to demand for early repayment of the outstanding balance (including the interest mentioned above).

The remaining receivable due from Feng Hua of RMB9,458,000 as at 31st December, 2014 was classified as a non-current asset.

During the six months ended 30th June 2015, Feng Hua fully repaid the outstanding balance of RMB9,458,000.

- (iv) On 29th June, 2012, the Company and Feng Hua entered into a supplemental shareholders agreement, pursuant to which the Company and Feng Hua agreed to extend the date of repayment of the principal amount owing by the Disposal Group of RMB38,035,000 to 30th June, 2014. It is secured by the 51% equity interest of the Disposal Group as held by Feng Hua and interest-free. On 3rd July, 2014, Feng Hua and the Company entered into the second supplemental shareholders agreement, pursuant to which the parties agreed to extend the last date of payment of the principal amount of RMB38,035,000 to 30th June, 2016. As at 31st December, 2014, the directors of the Company considered that the amount will not be repaid within one year from 31st December, 2014, accordingly the amount was classified as a non-current asset and was stated at amortised cost. On 2nd June, 2015, the Group entered into a disposal agreement with an independent third party to dispose of 49% interest of the Disposal Group and the amount due from the Disposal Group with principal amount of RMB38,035,000 with an aggregate consideration of RMB39,000,000 (the “Disposal”). As at 30th June, 2015, in the opinion of the directors of the Disposal is highly probable and thus, the carrying amount of the amount due from Disposal Group with principal amount of RMB38,035,000 is classified as current asset. As at 30th June, 2015, the carrying amount is RMB18,503,000 (31st December, 2014: RMB17,819,000).

In addition, the principal amount of the remaining balance of RMB23,012,000 as at 31st December, 2013 was unsecured and interest-free. During the six months ended 30th June, 2014, the amount was fully repaid. With the repayment of RMB23,012,000 from the Disposal Group during the six months ended 30th June, 2014, an adjustment of RMB3,906,000 was made to its carrying amount and recognised as other gains and loss in profit or loss (see Note 4).

As the amounts due from the Disposal Group are carried at amortised cost, an imputed interest of RMB684,000 (for the six months ended 30th June, 2014: RMB1,572,000) is recognised as other income in profit or loss during the six months ended 30th June, 2015.

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

	30.6.2015	31.12.2014
	<i>RMB'000</i>	<i>RMB'000</i>
0–60 days	8,783	3,138
61–120 days	3,063	200
121–180 days	3,584	—
	<u>15,430</u>	<u>3,338</u>

13. TRADE AND OTHER PAYABLES

	30.6.2015	31.12.2014
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	8,437	10,738
Other payables	60,208	44,022
	<hr/> 68,645 <hr/>	<hr/> 54,760 <hr/>

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.

	30.6.2015	31.12.2014
	<i>RMB'000</i>	<i>RMB'000</i>
0–60 days	4,511	8,010
61–120 days	1,848	1,133
Over 120 days	2,078	1,595
	<hr/> 8,437 <hr/>	<hr/> 10,738 <hr/>

14. CORPORATE BONDS

On 11th March, 2015, the Company entered into the subscription agreement with an independent third party (“Subscriber”) pursuant to which the Subscriber has agreed to subscribe and the Company has agreed to issue 6% coupon unlisted corporate bonds in the aggregate maximum principal amount of up to HK\$300,000,000, bearing interest rate at 6% per annum and with maturity date of forty-eighth months from the date of issue. During the six months ended 30th June, 2015, the corporate bonds with aggregate principal amount of HK\$169,000,000 (approximately to RMB133,611,000) were issued and the net proceeds of HK\$157,170,000 (approximately to RMB124,257,000) were received by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

Turnover and gross operating profit of Yue Da Mining Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the six months ended 30th June, 2015 (the “Period”) amounted to RMB68,132,000 and RMB7,654,000, representing an increase of approximately 1.43% and 849.63% respectively, over the same period in 2014. The nonferrous metal market remained challenging during the Period due to the lingering uncertainties of the global economy. The Group faced a general decline in the price of gold and iron during the first half of 2015. As a result, its revenue remained at a relatively low level and this also led to an impairment of asset in the Period. The loss and total comprehensive expense attributable to the owners of the Company for the Period was RMB84,041,000 (corresponding period of last year: RMB5,133,000) and basic loss per share was RMB9.18 cents (corresponding period of last year: RMB0.56 cents).

INTERIM DIVIDEND

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

BUSINESS REVIEW

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

MINING OPERATIONS

During the Period, the Mining Operations realized an operating revenue of RMB68,132,000 (corresponding period of last year: RMB67,169,000) with a segment loss of RMB80,272,000 (corresponding period of last year: RMB16,636,000). The Mining Operations recorded a gross profit of RMB7,654,000 (corresponding period of last year: RMB806,000) and gross profit margin of approximately 11.23% (corresponding period of last year: 1.20%). The ores extracted during the Period amounted to 460,070 tons, representing an increase of 25.43% over 366,780 tons in the corresponding period of last year, with a unit mining cost (excluding gold ores) of approximately RMB130 per ton (corresponding period of last year: RMB134 per ton) and a unit processing cost (excluding gold ores) of approximately RMB110 per ton (corresponding period of last year: RMB97 per ton). The Mining Operations included the processing of metal ore concentrates such as zinc ore concentrates of 2,226 metric tons (corresponding period of last year: 1,351 metric tons), lead ore concentrates of 456 metric tons (corresponding period of last year: 272 metric tons), iron ore concentrates of 28,235 tons (corresponding period of last year: 42,037 tons), gold of 31.94 kilograms (corresponding period of last year: 18.56 kilograms) and stone for construction of 745,181 tons (corresponding period of last year: nil). During the Period, the metal ore concentrates were sold at an average price (after tax) of RMB7,794 per metric ton for zinc ore concentrates (corresponding period of last year: RMB6,764 per metric ton), RMB11,020 per metric ton for lead ore concentrates (with silver content) (corresponding period of last year: RMB11,509 per metric ton), RMB282 per ton for iron ore concentrates (corresponding period of last year: RMB625 per ton), RMB244 per gram of gold (corresponding period of last year: RMB247 per gram) and RMB25.72 per ton of stone for construction (corresponding period of last year: nil).

During the Period, owing to the following conditions faced by the Group: (i) the general decline in price of iron in the international market; (ii) the tightening of safety and environmental requirements by the PRC government on mining industry which increased the complexity of production processes

and thus increased the direct production costs; (iii) gross loss of RMB3,883,000 suffered by Tengchong Ruitu Mining and Technology Company Limited (“Tengchong Ruitu”) in the past year; and (iv) price of iron in the international commodity market continued to decline in the first quarter of 2015, a turnaround by Tengchong Ruitu from its loss-making position is unlikely to realize in the near future, thus the operation of Tengchong Ruitu had been suspended since 25th April 2015 to safeguard the interests of the Company and its shareholders as a whole.

Moreover, Yaoan Feilong Mining Co., Ltd. (“Yaoan Feilong”) and Zhen’an County Daqian Mining Development Co., Ltd. (“Daqian Mining”), subsidiaries of the Company, have continued the suspension of their production due to the weak metal market since 20th May 2013 and 21st November 2008, respectively.

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

Name of subsidiary	Products	Production figures	Turnover (RMB'000)	Proportion of the Group (%)	Gross Profit/ (Loss) (RMB'000)	Proportion of the Group (%)
Baoshan Feilong	Lead ore concentrates	456 metric tons	25,838	37.92	4,341	56.72
	Zinc ore concentrates	2,226 metric tons				
	Copper ore concentrates	41 metric tons				
Tong Ling Guan Hua	Gold	31.94 kilograms	36,739	53.92	8,207	107.22
	Other	745,181 tons				
Tengchong Ruitu	Metal ore concentrates <i>(Production suspended since 25th April 2015)</i>	28,235 tons	5,555	8.16	(4,894)	(63.94)
Daqian Mining	<i>Production suspended since 21st November 2008</i>					
Yaoan Feilong	<i>Production suspended since 20th May 2013</i>					
Total			<u>68,132</u>	<u>100</u>	<u>7,654</u>	<u>100</u>

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

Impairment Losses on Assets

During the Period, the Mining Operations segment recorded an impairment losses on mining rights and property, plant and equipment of RMB40,824,000 (corresponding period of last year: nil) and RMB27,263,000 (corresponding period of last year: nil) respectively, on the related assets of a certain subsidiary (Tengchong Ruitu), principally due to (i) a general decline in the price of iron in the international commodity market during the Period and the related price outlook; (ii) the tightening of safety and environmental requirements by the PRC government on mining industry which increased the complexity of production processes and thus increased the direct production costs; and (iii) the suspension of operation by Tengchong Ruitu.

IMPORTANT EVENTS DURING THE PERIOD

Investment in Vietnam

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 (“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 (“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 total consideration of not more than US\$36 million (subject to adjustment). The Call Option Deed lapsed on 31st December, 2014.

As at the date of this announcement, YDM has paid a deposit of US\$3 million (“Everwise Deposit”) under the Subscription Agreement. The Subscription Agreement was lapsed on 31st December, 2014 and the Everwise Deposit should be repaid to YDM on or before 12th January, 2015.

As at the date of this announcement, YDM has a sum of US\$9 million (comprising principal sum of US\$8 million plus accrual interest of US\$1 million) (the “Loan”) advanced to Mineral Land, the Loan was due on 23rd January, 2015. During the Reporting Period, the Loan has not been repaid.

The Group has received letters (the “Letters”) from a law firm purporting to be representing (among other parties) 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 (“Slag Factory Dispute”). Management of the Group believes that the allegations are groundless or unfounded.

Please refer to the circular of the Company dated 17th April, 2013 and the announcements of the Company dated 17th October, 2013, 23rd January, 2014, 30th June, 2014, 24th December, 2014 and 5th January, 2015 for details of the above transactions.

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 with Ms. Truong Thi Kim Soan (the “Vendor”) 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 US\$34 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.

As at the date of this announcement, YDM has paid US\$7 million deposits (“Sao Mai Deposit”) under the Acquisition Agreement. The Acquisition Agreement was lapsed on 15th November, 2014 and the Sao Mai Deposit should be repaid to YDM on or before 14th December, 2014. As at the date of this announcement, the Sao Mai Deposit has not been repaid.

In addition, the Group has received Letters from the 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 Sao Mai Deposits (“Sao Mai Dispute”). Management of the Group believes that the allegations are groundless or unfounded.

On 27th March, 2015, YDM and the Vendor entered into a memorandum of understanding in respect of the Sao Mai Deposits, the principal terms of which were as follows:

- (a) Each of the parties shall give its confirmation as to the amount of deposit owed by the Vendor to YDM;
- (b) Each of the parties aim at (by the latest of 1st June, 2015) agreeing on the repayment schedule of the deposit;
- (c) If the deposit cannot be repaid in accordance with (b) above, interest shall be accrued thereon and be calculated in accordance with the terms of the Acquisition Agreement or at a rate or in an amount agreed by the parties in writing; and
- (d) The parties confirm that there is no outstanding dispute on the terms or execution of the Acquisition Agreement.

Disposal of Available-for-Sale Investment

On 2nd June, 2015, Yue Da Mining Limited (悦達礦業有限公司) (“Yue Da Mining”) entered into a disposal agreement with an independent third party to the disposal of Yue Da Mining’s 49% interest in each of the British Virgin Islands (BVI) companies including Pleasure Resources Limited (愉悦資源有限公司), Joyous Field Investments Limited (悦田投資有限公司) and Joyful Well Investments Limited (悦偉投資有限公司). Completion to the agreement would take place upon fulfilling the conditions precedent under the transaction as set out in the announcement of the Company dated 2nd June, 2015. On 31st August, 2015, all conditions precedent have been fulfilled and the disposal agreement is completed.

Issuance of Corporate Bonds

On 31st March, 2015, the Company entered into a subscription agreement with an independent third party pursuant to which the third party subscriber agreed to subscribe and the Company agreed to issue 6% coupon corporate bonds in the aggregate maximum principal amount of up to HK\$300,000,000, bearing interest rate at 6% per annum and with maturity date of forty-eighth months from the date of issuance. As at 30th June, 2015, the aggregate subscription amount was HK\$169,000,000.

PROSPECTS

The Group has from time to time sought to enhance its exploration and mining activities by identifying suitable exploration work and mining methods. 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 so as to reduce the effect of increasing production costs due to the rising safety and environmental standard in the PRC.

Looking forward to the second half of 2015, the environment for the mining business is expected to be as difficult as in the first half. 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2015, the Group's current assets were RMB451,145,000 (31st December, 2014: RMB325,988,000), of which RMB125,785,000 (31st December, 2014: RMB124,060,000) were bank balances and cash on hand. As at 30th June, 2015, the net asset value of the Group amounted to RMB537,638,000, representing a decrease of approximately 12.94% as compared to RMB617,518,000 at 31st December, 2014. The gearing ratio (total liabilities/total assets) of the Group was approximately 52.04% (31st December, 2014: 43.90%).

As at 30th June, 2015, the share capital of the Company was RMB83,658,000 (31st December, 2014: RMB83,474,000). The Company's reserve and minority interests were RMB362,945,000 (31st December, 2014: RMB446,078,000) and RMB91,035,000 (31st December, 2014: RMB87,966,000) respectively. As at 30th June, 2015, the Group had total current liabilities of RMB325,041,000 (31st December, 2014: RMB340,576,000), mainly comprising bank borrowing, trade and other payables and amount due to related companies. The total non-current liabilities of the Group amounted to RMB258,330,000 (31st December, 2014: RMB142,748,000), which were mainly corporate bonds, provisions and deferred tax liabilities.

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

CAPITAL STRUCTURE OF THE GROUP

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

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

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

The Group recorded a net exchange gain amounting to RMB1,322,000 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, 2015, save as deposit amounting to RMB100,540,000 (31st December 2014: RMB100,540,000) is pledged to secure short term bank loan, the Group did not have any guarantees and charges nor any other material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 30th June, 2015, the Group had a total of approximately 725 employees (where they were located in Hong Kong and the PRC), engaged in management, administration and mining. The management reviewed the remuneration policy regularly on the basis of performance and experience of the employees as well as the prevailing industry practices. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations. Insurance and mandatory provident fund schemes are also maintained for its Hong Kong staff. During the Period, the Group provided various training courses on relevant business or skills for its management and staff at different levels. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labour dispute.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

In the opinion of the Board, the Group has complied with all of the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the Period, except that (i) the Chairman of the Board was not able to attend the annual general meeting of the Company held on 29th May, 2015 (the "2014 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 2014 AGM; (ii) Mr. Qi Guangya being a non-executive Director was not able to attend the 2014 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 2014 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.

NON-COMPLIANCE WITH RULES 3.10 AND 3.21

Pursuant to Rule 3.10 of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors and where at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. The audit committee of a listed issuer must comprise a minimum of three members under Rule 3.21 of the Listing Rules.

Upon the resignation of Ms. Leung Mei Han as an independent non-executive Director, the Board comprises six members with two executive Directors, two non-executive Directors and two independent non-executive Directors. As a result, the number of independent non-executive Directors of the Board will be reduced to two which is below the minimum number, the Board lacks an independent non-executive director with the appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The chairman of the audit committee of the Company will fall vacant under Rule 3.21 of the Listing Rules and the number of members of the audit committee of the Company will be reduced to two which is below the minimum number prescribed under Rule 3.21 of the Listing Rules.

Upon the appointment of Mr. Cheung Ting Kee on 21st July, 2015, the Company has three independent non-executive Directors, where the Company has duly complied with (a) a listed issuer must have at least three independent non-executive directors and the Board should include an independent non-executive director with the appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules; and (b) Rule 3.21 of the Listing Rules, which prescribed that a listed issuer's audit committee must comprise a minimum of three members who should all be non-executive directors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company's audit committee currently comprises Mr. Cheung Ting Kee (Chairman of the audit committee, an independent non-executive Director), Mr. Qi Guangya (a non-executive Director) and Mr. Cui Shuming (an independent non-executive Director). Duties of the audit committee include reviewing all matters relating to the scope of audit, such as the financial statements and internal control, with an aim to safeguard the interest of the shareholders of the Company. At a meeting held on 31st August, 2015, the audit committee reviewed the accounting principles and practices adopted by the Group, the unaudited interim results of the Group for the Period and discussed matters relating to audit, internal control and financial reporting with the management.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

The Company has set up a nomination committee with written terms of reference, whose members are currently Mr. Wang Lianchun (Chairman of the nomination committee, a non-executive Director and Chairman of the Board), Mr. Cui Shuming (an independent non-executive Director) and Dr. Liu

Yongping (an independent non-executive Director). Duties of the nomination committee include reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the relevant blend of skills, knowledge and experience.

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

The Company's interim report for the six months ended 30th June, 2015 will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.yueda.com.hk in due course.

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

Non-executive Director and Chairman of the Board

Hong Kong, 31st August, 2015

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