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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, 2016

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, 2016 (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, 2016

		Six months ended	
	<i>NOTES</i>	30.6.2016	30.6.2015
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Continuing operation			
Revenue	3	41,419	68,132
Cost of sales		<u>(36,753)</u>	<u>(60,478)</u>
Gross profit		4,666	7,654
Other income		2,420	6,033
Other gains and losses	4	(748)	1,322
Impairment losses on assets	5	–	(68,087)
Administrative expenses		(24,115)	(29,964)
Finance costs	6	<u>(6,231)</u>	<u>(10,940)</u>
Loss before tax		(24,008)	(93,982)
Income tax (expense) credit	7	<u>(1,152)</u>	<u>8,877</u>
Loss for the period from continuing operation	8	(25,160)	(85,105)
Discontinued operation			
Profit for the period from discontinued operation	9	<u>–</u>	<u>4,133</u>
Loss and total comprehensive expense for the period		<u><u>(25,160)</u></u>	<u><u>(80,972)</u></u>

	Six months ended	
	30.6.2016	30.6.2015
<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
(Loss) profit and total comprehensive (expense) income for the period attributable to owners of the Company		
– from continuing operation	(24,957)	(86,149)
– from discontinued operation	–	2,108
	(24,957)	(84,041)
(Loss) profit and total comprehensive (expense) income for the period attributable to non-controlling interests		
– from continuing operation	(203)	1,044
– from discontinued operation	–	2,025
	(203)	3,069
Loss per share	<i>11</i>	
From continuing and discontinued operations		
– Basic	RMB(2.72) cents	RMB(9.18) cents
– Diluted	RMB(2.72) cents	RMB(9.18) cents
From continuing operation		
– Basic	RMB(2.72) cents	RMB(9.41) cents
– Diluted	RMB(2.72) cents	RMB(9.41) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH JUNE, 2016

	<i>NOTES</i>	30.6.2016 RMB'000 (unaudited)	31.12.2015 <i>RMB'000</i> (audited)
Non-current Assets			
Property, plant and equipment		75,236	77,725
Prepaid lease payments		8,940	9,125
Mining rights		488,923	491,880
Goodwill		2,119	2,119
Long term deposits		7,952	7,352
		<u>583,170</u>	<u>588,201</u>
Current Assets			
Prepaid lease payments		371	371
Inventories		25,464	35,075
Trade and other receivables	12	112,379	109,210
Amounts due from related companies		715	129
Taxation receivable		224	224
Bank balances and cash		15,700	34,668
		<u>154,853</u>	<u>179,677</u>
Current Liabilities			
Trade and other payables	13	51,054	49,235
Amounts due to related companies		20,537	22,141
Amounts due to directors		313	314
Taxation payable		4,409	4,409
Bank borrowings – due within one year		10,000	20,000
		<u>86,313</u>	<u>96,099</u>
Net Current Assets		<u>68,540</u>	<u>83,578</u>
Total Assets Less Current Liabilities		<u>651,710</u>	<u>671,779</u>

	<i>NOTE</i>	30.6.2016 RMB'000 (unaudited)	31.12.2015 <i>RMB'000</i> (audited)
Capital and Reserves			
Share capital		83,706	83,706
Reserves		258,785	283,742
		<hr/>	<hr/>
Equity attributable to owners of the Company		342,491	367,448
Non-controlling interests		62,288	62,491
		<hr/>	<hr/>
Total Equity		404,779	429,939
		<hr/>	<hr/>
Non-current Liabilities			
Corporate bonds	<i>14</i>	137,313	133,390
Provisions		2,291	2,275
Deferred tax liabilities		107,327	106,175
		<hr/>	<hr/>
		246,931	241,840
		<hr/>	<hr/>
		651,710	671,779
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2016

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, 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2015.

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	
	30.6.2016	30.6.2015
	RMB'000	RMB'000
Continuing operation		
Mining Operations revenue	<u>41,419</u>	<u>68,132</u>
Segment loss	(12,641)	(80,272)
Other income	2,420	6,033
Other gains and losses		
– Net foreign exchange (losses) gains	(708)	1,322
– Loss on disposal of property, plant and equipment	(40)	–
Central administration costs	(6,808)	(10,125)
Finance costs	(6,231)	(10,940)
Loss before tax (continuing operation)	<u>(24,008)</u>	<u>(93,982)</u>

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

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2016	30.6.2015
	RMB'000	RMB'000
Continuing operation		
Net foreign exchange (losses) gains	(708)	1,322
Loss on disposal of property, plant and equipment	<u>(40)</u>	<u>–</u>
	<u>(748)</u>	<u>1,322</u>

5. IMPAIRMENT LOSSES ON ASSETS

	Six months ended	
	30.6.2016	30.6.2015
	RMB'000	RMB'000
Continuing operation		
Impairment losses on:		
– property, plant and equipment	–	27,263
– mining rights	<u>–</u>	<u>40,824</u>
	<u>–</u>	<u>68,087</u>

6. FINANCE COSTS

	Six months ended	
	30.6.2016	30.6.2015
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operation		
Interest on bank borrowings wholly repayable within five years	496	5,849
Imputed interest on provision	16	14
Interest on corporate bonds	5,440	2,142
Interest on loan from a related party	279	2,935
	<u>6,231</u>	<u>10,940</u>

7. INCOME TAX EXPENSE (CREDIT)

	Six months ended	
	30.6.2016	30.6.2015
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operation		
Deferred tax		
– current period (<i>Note</i>)	1,152	(8,877)
	<u>1,152</u>	<u>(8,877)</u>

Note: During the six months ended 30th June, 2016, nil (for the six months ended 30th June, 2015: RMB10,206,000) 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, 2016 (for the six months ended 30th June, 2015: 15% to 25%).

8. LOSS FOR THE PERIOD FROM CONTINUING OPERATION

	Six months ended	
	30.6.2016	30.6.2015
	RMB'000	RMB'000
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)	2,957	7,882
Depreciation of property, plant and equipment	2,896	6,854
Release of prepaid lease payments	185	185
	<hr/>	<hr/>
Total depreciation and amortisation	6,038	14,921
Cost of inventories sold	28,393	52,596
Share-based payments expense	–	78
Interest income from bank deposits	(26)	(4,073)
Imputed interest income on amount due from investees	–	(684)
	<hr/>	<hr/>

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 was classified as discontinued operation.

	Six months ended	
	30.6.2016	30.6.2015
	RMB'000	RMB'000
Other income	–	10
Gain on disposal of property, plant and equipment	–	5,271
Administrative expenses	–	(1,148)
	<hr/>	<hr/>
Profit before tax	–	4,133
Income tax expense	–	–
	<hr/>	<hr/>
Profit for the period	–	4,133
	<hr/>	<hr/>
Profit for the period from discontinued operation has been arrived at after crediting the following:		
Gain on disposal of property, plant and equipment	–	(5,271)
Interest income from bank deposits	–	(10)
	<hr/>	<hr/>

Toll Road Operations was operated by a subsidiary, Langfang Tongda Highway Co., Ltd (“Langfang Tongda”). Langfang Tongda was dissolved during the year ended 31st December, 2015.

The net cash flows attributable to the operating, investing and financing activities of the Toll Road Operations was not significant during the six months ended 30th June, 2015.

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

10. DIVIDEND

No dividend was paid, declared or proposed during the six months ended 30th June, 2016. The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30th June, 2016.

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	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss				
Loss for the period attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	<u>(24,957)</u>	<u>(84,041)</u>	<u>(24,957)</u>	<u>(86,149)</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>918,626,516</u>	<u>915,879,491</u>	<u>918,626,516</u>	<u>915,879,491</u>

Basic earnings per share for the discontinued operation was RMB0.23 cents for the six months ended 30th June, 2015, based on the profit for the period attributable to owners of the Company from the discontinued operation of RMB2,108,000 for the six months ended 30th June, 2015 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

	30.06.2016	31.12.2015
	RMB'000	RMB'000
Current		
Trade receivables	7,165	9,210
Bills receivables	8,405	8,200
Advance payments to suppliers	6,384	3,821
Deposits paid for investments (<i>Note i</i>)	46,532	45,567
Loan receivable (<i>Note ii</i>)	39,787	38,962
Other receivables and prepayments	4,106	3,450
	112,379	102,910

Notes:

- (i) During the year ended 31st December, 2013, a wholly owned subsidiary of the Company, Yue Da Mining Limited (“YDM”) entered into an acquisition agreement (“Acquisition Agreement”) with an independent third party (“Vendor”). Pursuant to the Acquisition Agreement, YDM conditionally agreed to acquire and the Vendor conditionally agreed to sell (i) the entire issued share capital of two companies which are incorporated in the British Virgin Islands (“Target Companies”) and (ii) the shareholder loans as at the completion date of the Acquisition Agreement of the Target Companies, 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. Since 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 still not fulfilled on 15th November, 2014 (and the long stop date was not further extended), the Acquisition was terminated on the same date. 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 the Group to secure repayments of the Deposit (as defined below). Up to 30th June, 2016, pursuant to the Acquisition Agreement, an aggregate deposits of US\$7 million (approximately RMB46,532,000 (31st December, 2015: US\$7 million (approximately RMB45,567,000)) have been paid to the Vendor (“Deposit”). YDM is in process of negotiating with the Vendor for the settlement arrangement and the directors of the Company believe that the Deposits will be refunded in full within twelve months from the end of the reporting period.

- (ii) YDM entered into a loan agreement on 21st January, 2013 and subsequent supplemental agreement on 30th January, 2013 (collectively referred to “Loan Agreements”) with Mineral Land Holdings Limited (“Mineral Land”), an independent third party, which has the same ultimate controlling shareholder of New Aims (as defined below), whereby YDM provided to Mineral Land a loan facility of up to US\$16 million (approximately RMB100,500,000) for a term of one year, carrying a fixed interest of US\$1 million payable on the maturity date of the loan. US\$8 million was drawn by Mineral Land since the Loan Agreements were entered into. 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 Technology Limited, a company incorporated in British Virgin Islands, held by New Aims Holdings Limited (“New Aims”). 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 Agreements from 23rd January, 2014 to 23rd January, 2015. The loan was not repaid upon the maturity date on 23rd January, 2015.

Pursuant to the settlement agreement entered into on 9th October, 2015, the partial repayment of US\$2 million (approximately RMB12,773,000) was made during the year ended 31st December, 2015. As at 30th June, 2016, the outstanding loan owed by Mineral Land was US\$6 million (approximately RMB39,787,000) (31st December, 2015: US\$6 million (approximately RMB38,962,000)). YDM is in the process of negotiation with the relevant parties for the settlement arrangement and the directors of the Company believe that the outstanding amount will be recovered in full within twelve months from the end of the reporting period.

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

	30.06.2016	31.12.2015
	<i>RMB'000</i>	<i>RMB'000</i>
0-60 days	11,842	12,040
61-120 days	1,940	1,296
121-180 days	1,272	3,912
Over 180 days	516	162
	15,570	17,410

13. TRADE AND OTHER PAYABLES

	30.06.2016 <i>RMB'000</i>	31.12.2015 <i>RMB'000</i>
Trade payables	8,075	7,542
Other payables	42,979	41,693
	51,054	49,235

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.

	30.06.2016 <i>RMB'000</i>	31.12.2015 <i>RMB'000</i>
0-60 days	4,219	3,528
61-120 days	734	1,146
Over 120 days	3,122	2,868
	8,075	7,542

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, 2016 (the “Period”) amounted to RMB41,419,000 and RMB4,666,000, representing a decrease of approximately 39.21% and 39.04% respectively, over the same period in 2015. 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 prices of various products. As a result, several mining subsidiaries were still under suspension and revenue of the Group remained at a relatively low level. The loss and total comprehensive expense attributable to the owners of the Company for the Period was RMB24,957,000 (corresponding period of last year: RMB84,041,000) and basic loss per share was RMB2.72 cents (corresponding period of last year: RMB9.18 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 RMB41,419,000 (corresponding period of last year: RMB68,132,000) with a segment loss of RMB12,641,000 (corresponding period of last year: RMB80,272,000). The Mining Operations recorded a gross profit of RMB4,666,000 (corresponding period of last year: RMB7,654,000) and gross profit margin of approximately 11.27% (corresponding period of last year: 11.23%). The ores extracted during the Period amounted to 176,876 tons, representing a decrease of 61.55% over 460,070 tons in the corresponding period of last year, with a unit mining cost (excluding gold ores) of approximately RMB189 per ton (corresponding period of last year: RMB130 per ton) and a unit processing cost (excluding gold ores) of approximately RMB154 per ton (corresponding period of last year: RMB110 per ton).

Under Normal Operation

Baoshan Feilong Nonferrous Metal Co., Ltd. (“Baoshan Feilong”), a subsidiary of the Company, conducts mining operations in Baoshan City, Yunnan Province of the PRC. Major products include zine ore concentrates, lead ore concentrates and copper ore concentrates.

Tong Ling Guan Hua Mining Company Ltd. (“Tong Ling Guan Hua”), a subsidiary of the Company, conducts mining operations in Tongling City, Anhui Province of the PRC. Major products include gold and Stone for construction.

Under suspension

Tengchong Ruitu Mining and Technology Company Limited (“Tengchong Ruitu”), Yaoan Feilong Mining Co., Ltd. (“Yaoan Feilong”) and Zhen’an County Daqian Mining Development Co., Ltd. (“Daqian Mining”), subsidiaries of the Company, have continued the suspension of their production due to the weak metal market since 25th April, 2015, 20th May, 2013 and 21st November, 2008, respectively.

Performance

The table below sets out the Mining Operations by products for the six-months periods ended 30th June 2016 and 2015:

	Processing Volume			Average price (net of tax)		
	2016	2015	% Change	2016	2015	% Change
Zine ore concentrates (in metric tons)	872	2,226	(60.83)	6,761	7,794	(13.25)
Lead ore concentrates (including silver) (in metric tons)	184	456	(59.65)	9,708	11,020	(11.91)
Copper ore concentrate (in metric tons)	21	41	(48.78)	22,732	30,268	(24.90)
Iron ore concentrates (in tons)	0	23,235	(100.00)	248	282	(12.06)
Gold (in grams)	18,956	31,940	(40.65)	252	244	+3.28
Stone for construction (in tons)	594,234	745,181	(20.26)	23.22	25.72	(9.72)

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

Name of subsidiaries	Products	Revenue <i>RMB'000</i>	Proportion of the Group %	Gross Profit/ (Loss) <i>RMB'000</i>	Proportion of the Group %
Baoshan Feilong	Lead, zine and copper ore concentrates	14,483	34.97	365	7.82
Tong Ling Guan Hua	Gold and stone for construction	25,932	62.61	5,746	123.15
Tengchong Ruitu	Iron ore concentrates (Production suspended since 25th April, 2015)	1,004	2.42	(1,445)	(30.97)
Daqian Mining	Production suspended since 21st November, 2008	–	–	–	–
Yaoan Feilong	Production suspended since 20th May, 2013	–	–	–	–
		41,419	100	4,666	100

Strategic Co-operation

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

IMPORTANT EVENTS DURING THE PERIOD

Investment in Vietnam

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.

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.

YDM has a sum of US\$9 million (comprising principal sum of US\$8 million plus accrued interest of US\$1 million) (the “Loan”) advanced to Mineral Land, the Loan was due on 23rd January, 2015.

A settlement agreement (“Settlement Agreement”) was entered into between New Aims, Everwise, I-Treasure, Mineral Land and YDM on 9th October, 2015. Pursuant to the Settlement Agreement, partial repayment of the principal amount of the Loan Agreement totalling US\$2,000,000 was received by the Group and the Everwise Deposit was settled on 23rd November, 2015.

As at the date of this announcement, the outstanding loan owned by Mineral Land was US\$6 million, YDM is in process of negotiating with the relevant parties for the settlement arrangement.

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

In addition, 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. YDM is in process of negotiating with the Vendor for the settlement arrangement.

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 2016, 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, 2016, the Group's current assets were RMB154,853,000 (31st December, 2015: RMB179,677,000), of which RMB15,700,000 (31st December, 2015: RMB34,668,000) were bank balances and cash on hand. As at 30th June, 2016, the net asset value of the Group amounted to RMB404,779,000, representing a decrease of approximately 5.85% as compared to RMB429,939,000 at 31st December, 2015. The gearing ratio (total liabilities/total assets) of the Group was approximately 45.14% (31st December, 2015: 44.01%).

As at 30th June, 2016, the share capital of the Company was RMB83,706,000 (31st December, 2015: RMB83,706,000). The Group's reserve and minority interests were RMB258,785,000 (31st December, 2015: RMB283,742,000) and RMB62,288,000 (31st December, 2015: RMB62,491,000) respectively. As at 30th June, 2016, the Group had total current liabilities of RMB86,313,000 (31st December, 2015: RMB96,099,000), mainly comprising bank borrowing, trade and other payables and amount due to related companies. The total non-current liabilities of the Group amounted to RMB246,931,000 (31st December, 2015: RMB241,840,000), 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 loss amounting to RMB708,000 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, 2016, the Group did not have any guarantees and charges nor any other material contingent liabilities (31st December, 2015: nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30th June, 2016, the Group had a total of approximately 413 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 20th May, 2016 (the “2015 AGM”) (deviated from code provision E.1.2) due to other business commitment. Nevertheless, one of the executive Directors attended and acted as the chairman of the 2015 AGM; (ii) Mr. Qi Guangya and Dr. Liu Yongping being a non-executive Director and an independent non-executive Director respectively were not able to attend the 2015 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 2015 AGM before its commencement; and (iii) the non-executive Directors are not appointed for a specific term (deviated from code provision A.4.1). However, all non-executive Directors are subject to retirement and rotation once every three years in accordance with the Company’s Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company’s audit committee currently comprises Mr. Cheung Ting Kee (Chairman of the audit committee, an independent non-executive Director), Mr. Qi Guangya (a non-executive Director) and Mr. Cui Shuming (an independent non-executive Director). Duties of the audit committee include reviewing all matters relating to the scope of audit, such as the financial statements and internal control, with an aim to safeguard the interest of the shareholders of the Company. At a meeting held on 18th August, 2016, 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, 2016 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, 18th August, 2016

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.