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YUE DA MINING HOLDINGS LIMITED

悦達礦業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 629)

UPDATE ON LAPSE OF MAJOR TRANSACTION IN RELATION TO PROPOSED ACQUISITION OF INTEREST IN A VIETNAM COMPANY

Reference is made to (a) the announcement of Yue Da Mining Holdings Limited (the “**Company**”) dated 5 September 2013 regarding, among other matters, a major transaction of the Company in relation to a proposed acquisition of Sao Mai, being a Vietnam company principally engaged in exploration of the Target Mine in Vietnam (“**2013 Announcement**”); (b) the announcement of the Company dated 17 November 2014 in relation to the lapse of the Sao Mai Acquisition (“**2014 November Announcement**”); (c) the Company’s announcement dated 24 December 2014 in relation to the update of the Acquisition Agreement (“**2014 December Announcement**”); and (d) the announcement of the Company dated 27 March 2015 in relation to the MOU entered into between the Vendor and the Purchaser for the settlement of the repayment of the Deposits (“**2015 March Announcement**”).

Unless otherwise stated, capitalized terms used in this announcement shall have the same meanings as those defined in the 2013 Announcement, 2014 November Announcement, 2014 December Announcement and 2015 March Announcement.

As disclosed in the 2014 November Announcement and 2014 December Announcement, the Acquisition Agreement for the Sao Mai Acquisition was terminated on 15 November 2014 and an aggregate of US\$7 million were paid to the Purchaser as Deposits. Such Deposits have not yet been repaid to the Group up to the date of this announcement. In connection with the Acquisition Agreement, the Deposit Security Documents were executed in favour of the Purchaser as security for the repayment of the Deposits to the Purchaser.

The Board of Directors of the Company wishes to announce that on 20 March 2017, a settlement agreement (“**Settlement Agreement**”) was entered into between the Purchaser, the Vendor and Sao Mai. The principal terms of the Settlement Agreement are summarized below:

THE SETTLEMENT AGREEMENT

- (a) The Vendor shall forthwith pay the Purchaser the sum of US\$2 million, representing partial refund of the Deposits (the “**Partial Refund**”) on or before 31 May 2017.
- (b) Subject to and upon the Vendor’s repayment of the Partial Refund in accordance with the terms of the Settlement Agreement, the Purchaser agrees to:
 - (i) not claim from the Vendor the interest accrued on the Deposits up to the date of the Settlement Agreement; and
 - (ii) to release the mortgage over 60% of the shares of Sao Mai (“**Release**”) executed by the Sao Mai Shareholders in favour of the Purchaser, provided that the Vendor shall and shall cause the Sao Mai Shareholders to provide all assistance required to facilitate and effect the Release and the Vendor present evidence to prove the ability to pay the outstanding Instalments as described in point c below.
- (c) Provided that the Vendor fully complies with her obligations set out in (a) and (b) above, the Purchaser agrees that the Vendor may defer refund payment to the Purchaser of the remaining balance of the Deposit of US\$5 million, by four (4) instalments (“**Instalments**”) in accordance with the following timetable:
 - (i) US\$1 million payable on 30 September 2017;
 - (ii) US\$1 million payable on 31 December 2017;
 - (iii) US\$1 million payable on 30 June 2018; and
 - (iv) US\$2 million payable on 31 December 2018.

- (d) In the event that the Vendor defaults in payment of any of the Instalments in accordance with the terms of the Settlement Agreement, all of the Instalment(s) outstanding shall fall due immediately upon such default.
- (e) In consideration of the Purchaser's concessions, Sao Mai agrees to provide an irrevocable and unconditional guarantee in favour of the Purchaser as a primary obligor for the due and punctual repayment of the Deposits by the Vendor to the Purchaser.

The Company will make further announcement(s) to update the Shareholders and the investing public of the progress of the matters, as and when appropriate.

By Order of the Board
Yue Da Mining Holdings Limited
Hu Huaimin
Executive Director and Chief Executive

Hong Kong, 20 March 2017

As at the date of this announcement, the Board comprises the following members: (a) as non-executive Directors, Mr. Wang Lian Chun 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 Shu Ming, Dr. Liu Yongping and Mr. Cheung Ting Kee.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable inquiries, that to the best of their knowledge, their opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.