YUE DA MINING HOLDINGS LIMITED

悅 達 礦 業 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 629)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Yue Da Mining Holdings Limited (the "**Company**") announces the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31st December, 2016 (the "**Year**") together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2016

	NOTES	**2016** ***RMB'000***	2015 *RMB'000*
Continuing operations			
Revenue	*3*	**84,370**	113,655
Cost of sales		**(69,026)**	(104,026)
Gross profit		**15,344**	9,629
Other income		**2,853**	8,296
Other gains and losses	*4*	**(8,715)**	15,615
Impairment losses on assets	*5*	**–**	(153,784)
Administrative expenses		**(51,942)**	(60,015)
Finance costs	*6*	**(12,700)**	(18,458)
Loss before tax		**(55,160)**	(198,717)
Income tax credit	*7*	**13,312**	34,327
Loss for the year from continuing operations	*8*	**(41,848)**	(164,390)
Discontinued operation			
Profit for the year from discontinued operation	*9*	**–**	3,590
Loss and total comprehensive expense for the year		**(41,848)**	(160,800)

	NOTE	**2016** **RMB'000**	2015 RMB'000
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company			
– from continuing operations		**(41,424)**	(164,782)
– from discontinued operation		**–**	1,377
		(41,424)	(163,405)
(Loss) profit and total comprehensive (expense) income for the year attributable to non-controlling interests			
– from continuing operations		**(424)**	392
– from discontinued operation		**–**	2,213
		(424)	2,605
Loss per share	*10*		
From continuing and discontinued operations			
– Basic		**RMB(4.50) cents**	RMB(17.81) cents
– Diluted		**RMB(4.50) cents**	RMB(17.81) cents
From continuing operations			
– Basic		**RMB(4.50) cents**	RMB(17.96) cents
– Diluted		**RMB(4.50) cents**	RMB(17.96) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2016

	NOTES	**2016** **RMB'000**	2015 RMB'000
Non-current Assets			
Property, plant and equipment		**75,503**	77,725
Prepaid lease payments		**8,754**	9,125
Mining rights		**485,134**	491,880
Goodwill		**2,119**	2,119
Long term deposits		**12,422**	7,352
Other receivables	*12*	**49,727**	–
		633,659	588,201
Current Assets			
Prepaid lease payments		**371**	371
Inventories		**23,592**	35,075
Trade and other receivables	*12*	**55,173**	109,210
Amounts due from related companies		**2,031**	129
Taxation receivable		**224**	224
Bank balances and cash		**108,476**	34,668
		189,867	179,677
Current Liabilities			
Trade and other payables	*13*	**57,269**	49,235
Amounts due to related companies		**48,281**	22,141
Amounts due to directors		**317**	314
Taxation payable		**4,409**	4,409
Bank borrowings – due within one year		**–**	20,000
		110,276	96,099
Net Current Assets		**79,591**	83,578
Total Assets Less Current Liabilities		**713,250**	671,779

	2016	2015
	RMB'000	*RMB'000*
Capital and Reserves		
Share capital	**105,965**	83,706
Reserves	**305,024**	283,742
Equity attributable to owners of the Company	**410,989**	367,448
Non-controlling interests	**62,067**	62,491
Total equity	**473,056**	429,939
Non-current Liabilities		
Corporate bonds	**145,024**	133,390
Provisions	**2,307**	2,275
Deferred tax liabilities	**92,863**	106,175
	240,194	241,840
	713,250	671,779

1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception

The application of the other amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKAS 7	Disclosure initiative[4]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 – 2016 cycle[5]

[1] Effective for annual periods beginning on or after 1st January, 2018
[2] Effective for annual periods beginning on or after 1st January, 2019
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1st January, 2017
[5] Effective for annual periods beginning on or after 1st January, 2017 or 1st January, 2018, as appropriate

HKFRS 15 Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31st December, 2016, the Group has non-cancellable operating lease commitments of RMB6,146,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors complete a detailed review.

The Directors do not anticipate that the application of other new and amendments to HKFRSs will have a material effect on the amounts recognised in the Group's consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

3. REVENUE AND SEGMENT INFORMATION

Revenue

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

	2016	2015
	RMB'000	*RMB'000*
Continuing operations		
Sale of zinc, lead and iron ore concentrates	**35,171**	51,097
Sale of gold and stone for construction from gold mine	**49,199**	62,558
	84,370	113,655

Segment information

The Group's reportable and operating segments under HKFRS 8, based on information reported to the chief operating decision maker ("CODM"), represented by the executive directors, for the purposes of resource allocation and performance assessment are as follows:

- exploration, mining and processing of zinc, lead, iron and gold ("Mining Operations")
- management and operation of toll highway and bridge ("Toll Road Operation")

The Toll Road Operation was discontinued during the year ended 31st December, 2013.

Segment result

The operating segment revenue from the Mining Operations contributes the entire revenue of the continuing operations of the Group. The CODM reviewed the segment loss, other income, other gains and losses as described below, impairment loss on available-for-sale investments, central administration costs and finance costs for the purposes of resource allocation and performance assessment.

	2016 *RMB'000*	2015 *RMB'000*
Continuing operations		
Revenue from Mining Operations	**84,370**	113,655
Segment loss	**(17,688)**	(182,192)
Other income	**2,853**	8,296
Other gains and losses		
– Loss on disposal of property, plant and equipment	**(406)**	–
– Gain on the disposal of some investments	**–**	15,413
– Loss on change in repayment period of other receivables	**(7,361)**	–
– Net foreign exchange (loss) gains	**(948)**	202
Central administration costs	**(18,910)**	(21,978)
Finance costs	**(12,700)**	(18,458)
Loss before tax (continuing operations)	**(55,160)**	(198,717)

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

4. OTHER GAINS AND LOSSES

	2016 *RMB'000*	2015 *RMB'000*
Continuing operations		
Loss on disposal of property, plant and equipment	**(406)**	–
Gain on the disposal of some investments *(Note)*	**–**	15,413
Loss on change in repayment period of other receivables	**(7,361)**	–
Net foreign exchange (loss) gains	**(948)**	202
	(8,715)	15,615

Note: On 2nd June, 2015, the Group entered into a disposal agreement with an independent third party to dispose of certain available-for-sale investments with carrying amount of RMB4,841,000 and the amount due from those investees with carrying amount of RMB18,746,000 for an aggregate cash consideration of RMB39,000,000 (the "Disposal"). The Disposal was completed in August 2015 and a gain of RMB15,413,000 was recognised as other gains and losses in profit and loss during the year ended 31st December, 2015.

5. IMPAIRMENT LOSSES ON ASSETS

	2016	2015
	RMB'000	*RMB'000*
Continuing operations		
Impairment losses on:		
– mining rights	**–**	117,141
– property, plant and equipment	**–**	36,643
	–	153,784

6. FINANCE COSTS

	2016	2015
	RMB'000	*RMB'000*
Continuing operations		
Interest on bank borrowings wholly repayable within five years	**583**	7,741
Interest on corporate bonds	**11,141**	7,460
Imputed interest on provisions	**32**	29
Interest on loan from related companies	**944**	3,228
	12,700	18,458

7. INCOME TAX CREDIT

	2016	2015
	RMB'000	*RMB'000*
Continuing operations		
Deferred tax		
– current year	**(13,312)**	(34,327)

8. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2016	2015
	RMB'000	*RMB'000*
Continuing operations		
Loss and total comprehensive expense for the year has been arrived at after charging (crediting) the following items:		
Allowance for inventories (included in cost of sales)	**295**	2,052
Amortisation of mining rights (included in cost of sales)	**6,746**	17,875
Depreciation of property, plant and equipment	**4,831**	10,267
Release of prepaid lease payments	**371**	371
Auditors' remuneration	**2,735**	2,082
Cost of inventories sold	**61,984**	84,099
Employee benefit expenses, including directors' remuneration and share-based payment expense	**38,429**	45,905
Interest income from bank deposits	**(77)**	(4,758)
Imputed interest income on amount due from the investees	**–**	(927)

9. PROFIT FOR THE YEAR FROM DISCONTINUED OPERATION

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

	2016	2015
	RMB'000	*RMB'000*
Other income	**–**	10
Gain on disposal of property, plant and equipment	**–**	5,271
Administrative expenses	**–**	(1,691)
Profit before tax	**–**	3,590
Income tax expense	**–**	–
Profit for the year	**–**	3,590
Profit for the year from discontinued operation has been arrived at after charging (crediting) the following:		
Gain on disposal of property, plant and equipment	**–**	(5,271)
Interest income from bank deposits	**–**	(10)
Employee benefit expense	**–**	635

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

Upon the dissolution of Langfang Tongda, an amount due from Langfang Municipal Communication Bureau ("Langfang Bureau"), non-controlling interest of Langfang Tongda, of RMB26,766,000 was offset against the capital return to Langfang Bureau of RMB28,080,000. A cash of RMB1,314,000 was paid to Langfang Bureau.

The net cash flows attributable to the operating, investing and financing activities of the Toll Road Operation was not significant during the year ended 31st December, 2015.

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

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Continuing and discontinued operations		Continuing operations	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Loss				
Loss for the year attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	**(41,424)**	(163,405)	**(41,424)**	(164,782)
Number of shares	***Number***	*Number*	***Number***	*Number*
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**919,992,636**	917,239,635	**919,992,636**	917,239,635

Basic earnings per share for the discontinued operation is Nil (2015: RMB0.15 cents), based on the profit for the year attributable to owners of the Company from the discontinued operation of Nil (2015: RMB1,377,000) and the denominators detailed above for basic loss per share.

The computation of the diluted loss per share for the year ended 31st December, 2016 and 2015 does not assume the exercise of the share options because the exercise price of those options was higher than the average market price for shares.

11. DIVIDEND

No dividend was paid or proposed by the Directors for both years.

12. TRADE AND OTHER RECEIVABLES

	2016	2015
	RMB'000	*RMB'000*
Current		
Trade receivables	**5,723**	9,210
Bills receivables	**12,346**	8,200
Advance payments to suppliers	**1,135**	3,821
Deposits paid for investments	**26,685**	45,567
Loan receivables	**6,529**	38,962
Other receivables and prepayments	**2,755**	3,450
	55,173	109,210
Non-current		
Deposits paid for investments	**18,624**	–
Loan receivables	**31,103**	–
	49,727	–
	104,900	109,210

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

	2016	2015
	RMB'000	*RMB'000*
0 – 60 days	**7,678**	12,040
61 – 120 days	**2,486**	1,296
121 – 180 days	**6,236**	3,912
Over 180 days	**1,669**	162
	18,069	17,410

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

13. TRADE AND OTHER PAYABLES

	2016	2015
	RMB'000	*RMB'000*
Trade payables	**9,063**	7,542
Advance payments from customers	**5,098**	2,221
Accrued staff costs	**7,872**	7,905
Other tax payables	**1,642**	440
Mining fee payables	**3,874**	3,874
Other payables and accrued charges	**29,720**	27,253
	57,269	49,235

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2016	2015
	RMB'000	*RMB'000*
0 – 60 days	**4,809**	3,528
61 – 120 days	**820**	1,146
over 120 days	**3,434**	2,868
	9,063	7,542

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

FINANCIAL HIGHLIGHTS

The Group recorded an operating revenue of RMB84,370,000 in the Year, representing a decrease of approximately 25.8% from RMB113,655,000 in 2015. Gross profit amounted to RMB15,344,000 in the Year, representing an increase of approximately 59.4% from gross profit of RMB9,629,000 in 2015. In light of the absence of impairment of mining during the Year, audited loss and total comprehensive expense attributable to the owners of the Company narrowed from RMB163,405,000 in 2015 to RMB41,424,000 for the Year and basic loss per share amounted to RMB4.50 cents for the Year.

DIVIDENDS

The Board did not recommend the payment of any dividend for the Year (2015: nil).

BUSINESS REVIEW

Overview

The Group was principally engaged in the exploration, mining and processing of zinc, lead, iron and gold ("Mining Operations"). During the Year, the Mining Operations realized an operating revenue of RMB84,370,000 with a segment loss of RMB17,688,000.

Mining Operations

During the Year, the Mining Operations recorded an operating revenue of RMB84,370,000 (2015: RMB113,655,000) with a gross profit of RMB15,344,000 (2015: RMB9,629,000). The ores extracted during the Year amounted to 347,476 tons (2015: 1,048,395 tons) with a unit mining cost of approximately RMB49.8 per ton (2015: RMB28.7 per ton) and a unit processing cost of approximately RMB119.7 per ton (2015: RMB64.2 per ton). Production volume in the Mining Operations dropped significantly during the year, especially in Tong Ling Guan Hua. As the major part of mining cost is fixed in nature, average costs during the Year increased substantially accordingly. In addition, extra mining costs were incurred in order to fulfil requirements of environmental protection as required by applicable laws, rules and regulations.

The table below sets out the Mining Operations by products for the two years ended 31st December, 2016 and 2015:

	Processing Volume			**Average price (net of tax)**		
	2016	2015	% change	**2016**	2015	% change
Zinc ore concentrates (in metric tons)	**2,380.24**	4,232.51	-43.76	**8,958.76**	7,480.14	+19.77
Lead ore concentrates (including silver) (in metric tons)	**520.52**	946.88	-45.03	**10,337.45**	10,530.50	-1.83
Copper ore concentrates (in metric tons)	**62.34**	94.65	-34.14	**24,639.92**	28,473.30	-13.46
Iron ore concentrates (in tons)	**0**	28,234.74	-100.00	**244.5**	280.48	-12.83
Gold (in grams)	**43,128.55**	62,473.00	-30.96	**262.31**	238.56	+9.96
Stone for construction (in tons)	**1,209,118.57**	1,522,120.05	-20.56	**23.76**	23.78	-0.08

The following table summaries the operating performance of each mining company during the Year:

Name of subsidiary	Products	Revenue	Proportion of the Group	Gross Profit/(Loss)	Proportion of the Group
		RMB'000	*(%)*	*RMB'000*	*(%)*
Baoshan Feilong	Lead, zinc and copper ore concentrates	33,097	39.23	5,823	37.95
Tong Ling Guan Hua	Gold and stone for construction	49,199	58.31	12,463	81.22
Tengchong Ruitu	Iron ore concentrates (Production suspended since 25th April, 2015)	2,074	2.46	(2,942)	(19.17)
Daqian Mining	Production suspended since 21st November, 2008	–	–	–	–
Yaoan Feilong	Production suspended since 20th May, 2013	–	–	–	–
Total		84,370	100	15,344	100

Under Normal Operation

Baoshan Feilong Nonferrous Metal Co., Ltd. ("Baoshan Feilong"), a subsidiary of the Company, has further strengthened its effort in exploration activities and has made a smooth progress as planned. Major products include zinc ore concentrates, lead ore concentrates and copper ore concentrates. The prices of these products fluctuated significantly during the Year. The prices dropped in the first half of the Year and picked up sharply in the second half. The Group adjusted the production target in light of the market condition in order to reduce market risk and to lower inventory cost.

Tong Ling Guan Hua Mining Company Limited ("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. Prices of both products were relatively stable compared to that of Baoshan Feilong. However, owing to the PRC government policy to tackle the problem of over-inventory of property market, the construction market is stagnant and affect the processing volume of stone for construction. Apart from these, relevant government bureaus also implemented several temporary policies relating to environmental protection and transportation during the year and until now, which results to an adverse impact on our product delivery and causing certain degrees of disturbance in our production plan and product delivery as a result. Sales revenue of Tong Ling Guan Hua in the first half of 2017 is expected to drop from the same period in last year.

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"), are subsidiaries of the Company, have been suspended due to the weak metal market since 2015, 2013 and 2008 respectively.

The Group is actively seeking to dispose Tengchong Ruitu, Yaoan Feilong and Daqian Mining in order to lower the costs of maintenance and to concentrate resources for future development of the Group.

Strategic Co-operation

To maintain recurring sales and cash flows to the Group, four strategic co-operation agreements, each with a term of 10 years, were entered into by the Group with Zhuzhou Smelter Group Co. Limited ("Zhuzhou Smelter"), Yunnan Yuntong Zinc Alloy Company Limited ("Yunnan Yuntong"), Panzhihua Steel Group International Economic Trading Company Limited ("Panzhihua Steel") and Wugang Group Kunming Iron and Steel Company Limited, a subsidiary of Wuhan Iron and Steel (Group) Corp. ("Wugang"), details of which were disclosed in the announcements of the Company dated 21st November, 2008, 9th December, 2008 and 22nd December, 2009 respectively. The above agreements continued to be in force during the Year.

IMPORTANT EVENTS DURING THE YEAR

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 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 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 accrual interest of US$1 million) (the "Loan") is due from 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 Yue Da Mining on 9th October, 2015. Pursuant to the Settlement Agreement, partial repayment of the principal amount of the Loan Agreement totaling US$2,000,000 was received by the Group and Everwise Deposit was settled on 23rd November, 2015.

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, 5th January, 2015 and 23rd November, 2015 for details of the above transactions.

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 31st December, 2016, YDM has paid US$7 million deposits ("Sao Mai Deposit") under the Acquisition Agreement. The Acquisition Agreement 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.

Please refer to the announcements of the Company dated 5th September, 2013, 30th June, 2014 and 24th December, 2014 for details of the above transaction.

Subscription of New Shares

On 11th November 2016, a subscription agreement (the "Subscription Agreement") was entered into between the Company and Yue Da Group (H.K.) Co., Limited ("Yue Da HK"), the controlling shareholder of the Company. Pursuant to the Subscription Agreement, Yue Da HK has conditionally agreed to subscribe and the Company has conditionally agreed to allot and issue 250,000,000 new shares at the subscription price of HK$0.38 per share to Yue Da HK, with an aggregate consideration of HK$95 million.

On 30th December 2016, all conditions precedent have been fulfilled and the subscription was completed. Since the proceeds was received at the end of the Year, the proceeds was not applied during the Year.

Prospect

Starting from the fourth quarter, global material price showed significant rebound, the market environment for the mining business in the second half of 2016 has improved from the first half of 2016. On the other hand, the mining operation is facing escalating requirement from environmental and the authorities, which pose persistent challenges to our operation.

Looking forward to 2017, the environment for the mining business is still uncertain and the Group will consider disposing the suspended facilities in order to lower the costs of maintenance and to concentrate resources for future development. In respect of the facilities under normal operation, 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. In light of the recent business environment and financial condition of the Group, the Directors endeavor to seek suitable business opportunities to diversify the Group's existing business stream to enhance the long-term benefits of the Company and the shareholders as a whole.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16th May, 2017 to 19th May, 2017, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to determine the identity of the shareholders of the Company who are entitled to attend and vote at the annual general meeting (the "AGM") of the Company to be held on 19th May, 2017, all transfer of shares in the Company accompanied by the relevant share certificates must be lodged with the Company's branch shares registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 15th May, 2017.

Notice of the AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

FINANCIAL POSITION

Liquidity, Financial Resources and Capital Structure

As at 31st December, 2016, the Group's current assets were RMB189,867,000 (2015: RMB179,677,000), of which RMB108,476,000 (2015: RMB34,668,000) were bank balances and cash. As at 31st December, 2016, the net asset value of the Group amounted to RMB473,056,000, representing an increase of approximately 10.0% as compared to RMB429,939,000 in 2015. The gearing ratio (total liabilities/total assets) of the Group was approximately 42.6% (2015: 44.0%).

Borrowings

As at 31st December, 2016, bank borrowings and corporate bonds amounted to Nil (2015: RMB20,000,000) and RMB145,024,000 (2015: RMB133,390,000), respectively. Bank borrowings were denominated in RMB, charging at floating rates and repayable within one year. Corporate bonds are denominated in Hong Kong dollars, charging at fixed rate and repayable in 2019.

FOREIGN CURRENCY EXPOSURE

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi and Hong Kong dollars. During the Year, most of the transactions were denominated and settled in Renminbi. The Group was not engaged in any hedging by financial instruments in relation to exchange rate risk. However, the Group will closely monitor the fluctuation in exchange rate and will take necessary measures to minimise the impact arising from adverse currency fluctuation.

CONTINGENT LIABILITIES AND CHARGE ON THE GROUP'S ASSETS

As at 31st December, 2016 and 31st December, 2015, the Group did not have any guarantees and charges nor any other material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 31st December, 2016, the Group had a total of approximately 475 employees (where they were located in Hong Kong and the PRC), engaged in management, administration and mining. The management reviewed the remuneration policy regularly on the basis of performance and experience of the employees as well as the prevailing industry practices. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations. Insurance and mandatory provident fund schemes are also maintained for its Hong Kong staff. During the Year, the Group provided various training courses on relevant business or skills for its management and staff at different levels.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

In the opinion of the Board, the Group has complied with all of the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the Year, except that (i) the Chairman of the Board was not able to attend the annual general meeting of the Company held on 20th May, 2016 (the "2015 AGM") and the extraordinary general meeting held on 23rd December 2016 (the "EGM") (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 and EGM; (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 and EGM, and Mr. Cheung Ting Kee, being an independent non-executive Director, was not able to attend the EGM (deviated from code provision A.6.7) due to their other business commitments. Nevertheless, each of these Directors has passed their opinion to the chairman of the 2015 AGM and EGM before its commencement; and (iii) the non-executive Directors are not appointed for a specific term (deviated from code provision A.4.1). However, all non-executive Directors are subject to retirement and rotation once every three years in accordance with the Company's Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company's audit committee currently comprises 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 30th March, 2017, the audit committee reviewed the accounting principles and practices adopted by the Group, the annual results of the Group for the Year and the continuing connected transactions carried out by the Group during the Year, and discussed matters relating to audit, internal control and financial reporting with the management.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

The Company has set up a nomination committee with written terms of reference, whose members are currently Mr. Wang Lianchun (Chairman of the nomination committee, a non-executive Director), 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 2016 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

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

By order of the Board
Yue Da Mining Holdings Limited
Wang Lianchun
Non-Executive Director and Chairman of the Board

Hong Kong, 30th 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 Guang Ya; (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.