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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)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2017

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, 2017 (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, 2017

	NOTES	2017 RMB'000	2016 RMB'000
Revenue	3	79,477	84,370
Cost relating to inventories sold		(39,675)	(69,026)
Cost relating to services rendered		(2,264)	–
Other income		7,879	2,853
Other gains (losses), net	4	58,840	(8,715)
Impairment losses on assets	5	(137,109)	–
Administrative expenses		(47,630)	(51,942)
Finance costs	6	(12,391)	(12,700)
Loss before tax		(92,873)	(55,160)
Income tax credit	7	33,940	13,312
Loss and total comprehensive expense for the year	8	<u>(58,933)</u>	<u>(41,848)</u>
Loss and total comprehensive expense for the year attributable to			
Owners of the Company		(25,736)	(41,424)
Non-controlling interests		(33,197)	(424)
		<u>(58,933)</u>	<u>(41,848)</u>
Loss per share	9		
– Basic		<u>RMB(2.20) cents</u>	<u>RMB(4.50) cents</u>
– Diluted		<u>RMB(2.20) cents</u>	<u>RMB(4.50) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2017

	<i>NOTES</i>	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Non-current Assets			
Property, plant and equipment	<i>11</i>	56,016	75,503
Prepaid lease payments		5,787	8,754
Mining rights	<i>12</i>	365,102	485,134
Goodwill	<i>13</i>	–	2,119
Long term deposits		16,600	12,422
Other receivables	<i>15</i>	18,807	49,727
		462,312	633,659
Current Assets			
Prepaid lease payments		221	371
Inventories		14,925	23,592
Trade and other receivables	<i>15</i>	171,568	55,173
Amounts due from related companies		200	2,031
Taxation receivable		–	224
Cash and cash equivalents		506,240	108,476
		693,154	189,867
Current Liabilities			
Trade and other payables	<i>16</i>	50,760	57,269
Amounts due to related companies		460,252	48,281
Amounts due to directors		320	317
Taxation payable		6,118	4,409
		517,450	110,276
Net Current Assets		175,704	79,591
Total Assets Less Current Liabilities		638,016	713,250

	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Capital and Reserves		
Share capital	105,965	105,965
Reserves	279,288	305,024
	<hr/>	<hr/>
Equity attributable to owners of the Company	385,253	410,989
Non-controlling interests	28,870	62,067
	<hr/>	<hr/>
Total equity	414,123	473,056
	<hr/>	<hr/>
Non-current Liabilities		
Corporate bonds	138,003	145,024
Provisions	2,324	2,307
Deferred tax liabilities	83,566	92,863
	<hr/>	<hr/>
	223,893	240,194
	<hr/>	<hr/>
	638,016	713,250
	<hr/> <hr/>	<hr/> <hr/>

1. APPLICATION OF NEW AND REVISED 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 HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRS 12	As part of the annual improvements to HKFRSs 2014 – 2016 cycle

Except as described below, the application of the 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.

Amendments to HKAS 7 Disclosure initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

2. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis. 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 and services provided during the year and is analysed as follows:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Sale of zinc, lead and copper ore concentrates	64,838	33,097
Sale of iron ore concentrates	361	2,074
Sale of gold and stone for construction from gold mine	7,699	49,199
Interest income from factoring services	1,033	–
Consultancy services	4,854	–
Other services	692	–
	<hr/> 79,477 <hr/>	<hr/> 84,370 <hr/>

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 mainly zinc, lead, copper, iron and gold ("Mining Operations")
- provision of factoring services, accounts receivable management and collection, and factoring consultancy services ("Factoring Related Business")

During the year ended 31st December, 2017, the Group commenced the Factoring Related Business when a wholly owned subsidiary, Yueda (Shenzhen) Commercial Factoring Co., Ltd. was registered on 15 August 2017 to carry out the Factoring Related Business.

Segment result

The CODM reviewed the segment results, other income, other gains and losses as described below, central administration costs and finance costs for the purposes of resource allocation and performance assessment.

For the year ended 31st December, 2017

	Mining Operations <i>RMB'000</i>	Factoring Related Business <i>RMB'000</i>	Consolidated <i>RMB'000</i>
SEGMENT REVENUE			
External sales	<u>72,898</u>	<u>6,579</u>	<u>79,477</u>
SEGMENT RESULTS			
Segment (loss) profit	<u>(136,693)</u>	<u>4,315</u>	<u>(132,378)</u>
Other income			7,879
Other gains and losses			
– Gain on disposal of property, plant and equipment			2,506
– Gains arising from subsidiaries disposed			51,541
– Impairment losses on other receivables			(1,350)
– Net foreign exchange gain			6,143
Central administration costs			(14,823)
Finance costs			<u>(12,391)</u>
Loss before tax			<u>(92,873)</u>

For the year ended 31st December, 2016

	Mining Operatings and consolidated <i>RMB'000</i>
SEGMENT REVENUE – External sales	<u>84,370</u>
Segment loss	(17,688)
Other income	2,853
Other gains and losses	
– Loss on disposal of property, plant and equipment	(406)
– Impairment losses on other receivables	(7,361)
– Net foreign exchange loss	(948)
Central administration costs	(18,910)
Finance costs	<u>(12,700)</u>
Loss before tax	<u>(55,160)</u>

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

Segment assets and liabilities

Amounts of segment assets and liabilities of the Group are not reviewed by the CODM or otherwise regularly provided to the CODM, accordingly, segment assets and liabilities are not presented.

4. OTHER GAINS (LOSSES), NET

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Gain (loss) on disposal of property, plant and equipment	2,506	(406)
Gains arising from subsidiaries disposed	51,541	–
Impairment losses on other receivables	(1,350)	(7,361)
Net foreign exchange gain (loss)	6,143	(948)
	<u>58,840</u>	<u>(8,715)</u>

5. IMPAIRMENT LOSSES ON ASSETS

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Impairment losses on:		
– property, plant and equipment (<i>Note 11</i>)	17,398	–
– mining rights (<i>Note 12</i>)	117,592	–
– goodwill (<i>Note 13</i>)	2,119	–
	<u>137,109</u>	<u>–</u>

6. FINANCE COSTS

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Interest on bank borrowings	–	583
Interest on corporate bonds	11,389	11,141
Imputed interest on provisions	17	32
Interest on loan from related companies	985	944
	<u>12,391</u>	<u>12,700</u>

7. INCOME TAX CREDIT

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Current tax		
– The People's Republic of China (the "PRC") Enterprise Income tax	2,110	–
– withholding tax paid in respect of distribution of earning of a PRC subsidiary	1,400	–
	<u>3,510</u>	<u>–</u>
Deferred tax	(37,450)	(13,312)
	<u>(33,940)</u>	<u>(13,312)</u>

8. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Loss and total comprehensive expense for the year has been arrived at after charging (crediting) the following items:		
Allowance for inventories	–	295
Amortisation of mining rights	3,880	6,746
Depreciation of property, plant and equipment	6,343	4,831
Release of prepaid lease payments	369	371
Auditors' remuneration	2,544	2,735
Employee benefit expenses	31,057	38,429
Interest income from bank deposits	(299)	(77)
Imputed interest income on impaired other receivables	(4,739)	–
	<u>(4,739)</u>	<u>–</u>

9. 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:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Loss		
Loss for the year attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	<u>(25,736)</u>	<u>(41,424)</u>
Number of shares	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>1,168,626,516</u>	<u>919,992,636</u>

The computation of the diluted loss per share for the year ended 31st December, 2017 and 2016 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.

10. DIVIDEND

No dividend was paid or proposed by the directors of the Company for both years, nor has any dividend been proposed since the end of the reporting period.

11. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31st December, 2017, an impairment loss amounting to RMB17,398,000 (2016: Nil) is recognised. Impairment assessment is set out in Note 14.

12. MINING RIGHTS

During the year ended 31st December, 2017, an impairment loss amounting to RMB117,592,000 (2016: Nil) is recognised. Impairment assessment is set out in Note 14.

13. GOODWILL

During the year ended 31st December, 2017, an impairment loss amounting to RMB2,119,000 (2016: Nil) is recognised. Impairment assessment is set out in Note 14.

14. IMPAIRMENT ASSESSMENT ON PROPERTY, PLANT AND EQUIPMENT, MINING RIGHTS AND GOODWILL

During the year ended 31st December, 2017, the management conducted an impairment review on the related assets of the cash-generating unit which is engaged in mining and processing of gold and stone for construction from gold mine in the PRC ("CGU 1"), due to the implementation of various interim measures in relation to environmental protection and transportation by respective government authorities which had adversely disrupted the production plan and product delivery of this cash generating unit. Such measures are expected to be in force in the foreseeable future.

Aggregate impairment losses of RMB117,592,000, RMB17,398,000 and RMB2,119,000 for the year ended 31st December, 2017 had been recognised on mining rights, production assets of CGU 1 included in the Group's property, plant and equipment and goodwill respectively.

15. TRADE AND OTHER RECEIVABLES

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Current		
Trade receivables	4,618	5,723
Bills receivables	–	12,346
Factoring receivables	57,024	–
Advance payments to suppliers	500	1,135
Deferred consideration receivable	50,660	–
Deposits paid for investments	39,725	26,685
Loan receivable	15,545	6,529
Other receivables and prepayments	3,496	2,755
	<u>171,568</u>	<u>55,173</u>
Non-current		
Deposits paid for investments	–	18,624
Loan receivable	18,807	31,103
	<u>18,807</u>	<u>49,727</u>
	<u><u>190,375</u></u>	<u><u>104,900</u></u>

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:

	2017 RMB'000	2016 <i>RMB'000</i>
0 – 60 days	3,485	7,678
61 – 120 days	–	2,486
121 – 180 days	–	6,236
Over 180 days	1,133	1,669
	4,618	18,069

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

16. TRADE AND OTHER PAYABLES

	2017 RMB'000	2016 <i>RMB'000</i>
Trade payables	7,042	9,063
Advance payments from customers	13,455	5,098
Accrued staff costs	7,219	7,872
Other tax payables	4,274	1,642
Mining fee payables	–	3,874
Other payables and accrued charges	18,770	29,720
	50,760	57,269

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

	2017 RMB'000	2016 <i>RMB'000</i>
0 – 60 days	5,294	4,809
61 – 120 days	970	820
over 120 days	778	3,434
	7,042	9,063

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 mining operations and the new factoring business of Group recorded an operating revenue of RMB72,898,000 and RMB6,579,000 respectively for the Year, the mining operations revenue decreased by approximately 13.6% when compared with RMB84,370,000 in 2016. In addition, Tong Ling Guan Hua recorded impairment losses on mining rights, property, plant and equipment and goodwill of RMB117,592,000, RMB17,398,000 and RMB2,119,000 respectively due to the impact of suspension. During the Year, the Company completed its business transformation and disposed of the discontinued Daqian Mining, Yaoan Feilong and Tengchong Ruitu successfully with gains arising from subsidiaries disposed RMB6,948,000, RMB11,316,000 and RMB33,277,000 respectively. The audited loss and total comprehensive expenses attributable to the owners of the Company reduced from RMB41,424,000 in 2016 to RMB25,736,000 for the Year and basic loss per share amounted to RMB2.20 cents for the Year.

DIVIDENDS

The Board did not recommend the payment of any dividend for the Year (2016: nil).

BUSINESS REVIEW

Overview

The Group is principally engaged in Mining Operations and Factoring Related Business.

Mining Operations

During the Year, the Mining Operations recorded an operating revenue of RMB72,898,000 (2016: RMB84,370,000). The ores extracted during the Year amounted to 101,186 tons (2016: 347,476 tons) with a unit mining cost of approximately RMB136.9 per ton (2016: RMB49.8 per ton) and unit processing cost of approximately RMB140.4 per ton (2016: RMB119.7 per ton). Production volume in Mining Operations dropped significantly during the Year, particularly 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, additional mining costs were incurred for fulfilling the 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, 2017 and 2016:

	Processing Volume			Average price (net of tax)		
	2017	2016	% change	2017	2016	% change
Zinc ore concentrates (in metric tons)	3,223.37	2,380.24	+35.42	15,170.15	8,958.76	+69.33
Lead ore concentrates (including silver) (in metric tons)	627.57	520.52	+20.57	13,566.43	10,337.45	+31.24
Copper ore concentrates (in metric tons)	106.16	62.34	+70.29	32,002.25	24,639.92	+29.88
Gold (in grams)	26,287.97	43,128.55	-39.05	275.10	262.31	+4.88
Stone for construction (in tons)	60,709.32	1,209,118.57	-94.98	23.63	23.76	-0.55

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

Name of subsidiary	Products	Revenue <i>RMB '000</i>	Proportion of the Group (%)
Baoshan Feilong	Lead, zinc and copper ore concentrates	64,838	88.94
Tong Ling Guan Hua	Gold and stone for construction	7,699	10.56
Tengchong Ruitu	Production suspended since 25th April, 2015	361	0.50
Daqian Mining	Production suspended since 21st November, 2008	—	—
Yaoan Feilong	Production suspended since 20th May, 2013	—	—
Total		<u>72,898</u>	<u>100</u>

Factoring business

During the Year, the factoring business was conducted in the second half of the year and recorded an operation revenue of RMB6,579,000. Loans with total amount of RMB57,000,000 was granted, and recorded interest income and administration fee income of RMB1,033,000 and RMB692,000 respectively. In addition, consultancy services were provided during the year, and recorded service fee income of RMB4,854,000.

Strategic Co-operation

To maintain recurring sales and cash flows to the Group, the Group entered into two strategic co-operation agreements with Zhuzhou Smelter Group Co. Limited (“Zhuzhou Smelter”), Yunnan Yuntong Zinc Alloy Company Limited (“Yunnan Yuntong”) respectively, each with a term of 10 years. The details of which were disclosed in the announcements of the Company dated 22nd December, 2009. 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”) advanced to Mineral Land, the Loan was due on 23rd January, 2015.

A settlement agreement (“2015 Loan 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 totaling US\$2,000,000 was received by the Group and the Everwise Deposit was settled on 23rd November, 2015.

On 22nd December, 2017, Mineral Land entered into a new settlement agreement (“2017 Loan Settlement Agreement”) with YDM and the original project promoter (“I3PB”) and the contents are as follows:

- (a) Mineral Land agrees to pay YDM a sum of US\$300,000 as partial satisfaction for the repayment of the loan on or before 31 December 2017.
- (b) YDM agrees to give Mineral Land concessions in that Mineral Land may defer repayment of the remaining outstanding amount of the loan, by four instalments in accordance with the timetable.

- (c) Mineral Land shall execute a deed of share charge charging the entire issued share capital of the BVI Subsidiary, a company established under the laws of the British Virgin Islands, which its entire issued share capital is legally and beneficially owned by Mineral Land directly, to the satisfaction of YDM (the “BVI Subsidiary”), in favour of YDM, as security for repayment in whole of the loan, and YDM shall assign its rights and benefit under the Duong Lam share pledge to the BVI Subsidiary

As at the date of this announcement, the outstanding loan owed by Mineral Land was US\$5.7million.

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, 23rd November, 2015 and 22nd December, 2017 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.

On 20th March, 2017, a settlement agreement (“2017 Deposits Settlement Agreement”) was entered into between the Vendor, YDM and the Purchaser, pursuant to which, the Vendor agreed to settle all outstanding balances by five instalments before the end of 2018. However, the Vendor failed to settle the balances according to the agreed schedule. The Group is actively negotiating with the Vendor with an aim to reach a new executable settlement agreement. As of 31st December, 2017, the Vender owes a deposit of about US\$6,245,000.

Please refer to the announcements of the Company dated 5th September, 2013, 30th June, 2014, 24th December, 2014, 20th March, 2017 and 8th June, 2017 for details of the above transactions.

Impairment losses

During the Year, the Mining Operations segment recorded impairment losses on mining rights, property, plant and equipment and goodwill of RMB117,592,000 (2016: nil), RMB17,398,000 (2016: nil) and RMB2,110,000 (2016: nil), respectively, on the related assets of a subsidiary (Tong Ling Guan Hua), principally due to several policies relating to environmental protection and transportation implemented by related government bureaus.

Prospects

Although global raw material prices showed continuous rebound, the performance of Baoshan Feilong mining business showed significant improvement when compared with 2016. However, Tong Ling Guan Hua's future production has tremendous uncertainties due to certain temporary measures relating to environmental protection and transportation imposed by respective government authorities

Looking forward to 2018, the environment for the mining business is still uncertain and the Group has shifted its business focus to factoring business since the second half of 2017, and will focus on the factoring business in the future. In light of the recent business environment and financial condition of the Group, the Directors endeavor to seek business opportunities in the financial industry 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 15th May, 2018 to 18th May, 2018, 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 18th May, 2018, 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 14th May, 2018.

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

FINANCIAL POSITION

Liquidity, Financial Resources and Capital Structure

As at 31st December, 2017, the Group's current assets were RMB693,154,000 (2016: RMB189,867,000), of which RMB506,240,000 (2016: RMB108,476,000) were cash and cash equivalents. As at 31st December, 2017, the net asset value of the Group amounted to RMB414,123,000, representing a decrease of approximately 12.5% as compared to RMB473,056,000 in 2016. The gearing ratio (total liabilities/total assets) of the Group was approximately 64.2% (2016: 42.6%).

Borrowings

As at 31st December, 2017, corporate bonds amounted to RMB138,003,000 (2016: RMB145,024,000), respectively. 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, 2017 and 31st December, 2016, the Group did not have any guarantees and charges nor any other material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 31st December, 2017, the Group had a total of approximately 321 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 ("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 19th May, 2017 (the "2016 AGM") and (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 2016 AGM; (ii) Mr. Qi Guangya, being a non-executive Director, was not able to attend the 2016 AGM, (deviated from code provision A.6.7) due to his other business commitments. Nevertheless, each of these Directors has passed their opinion to the chairman of the 2016 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 Directors of Listed Issuers (the “Model Code”) as provided in Appendix 10 to the Listing Rules. All Directors of the Company, in response to the specific enquiries made by the Company, confirmed that they have 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 20th March, 2018, 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 the Remuneration Committee with written terms of reference, whose members are currently Mr. Cui Shu Ming (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 the Nomination Committee with written terms of reference, whose members are currently Mr. Wang Lian Chun (Chairman of the Nomination Committee, Chairman of the Board and 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 2017 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, 20th March, 2018

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.