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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)

DISCLOSEABLE AND CONNECTED TRANSACTION: DISPOSAL OF A SUBSIDIARY

THE DISPOSAL

The Board is pleased to announce that, after trading hours on 28 May 2018, the Company and the Purchaser entered into the Share Purchase Agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares at a consideration of RMB140 million.

The Target Company is an investment holding company and its principal asset is the 70% share capital of Tong Ling Guan Hua, the principal asset of which is the Mining Rights.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Purchaser is interested in 808,971,333 of the shares of the Company (representing approximately 69.22% of the issued share capital of the Company) and is a controlling shareholder of the Company within the meaning of the Listing Rules. Accordingly, the Purchaser is a connected person of the Company and the transactions under the Share Purchase Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratio in respect of the Disposal is more than 5% but is less than 25%, the Disposal constitutes a discloseable and connected transaction for the Company under the Listing Rules and is subject to announcement, reporting and Independent Shareholders' approval requirements under the Listing Rules.

GENERAL

An Independent Board Committee, comprising all the independent non-executive Directors, have been formed to advise the Independent Shareholders on the Share Purchase Agreement and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Save for the Purchaser and its associates who hold together, directly or indirectly, approximately 69.22% of the entire issued share capital of the Company, no Shareholder has any material interest in the Share Purchase Agreement and the transactions contemplated thereunder. The Purchaser and its associates will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the Share Purchase Agreement and the transactions contemplated thereunder. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolution(s) in respect of the Share Purchase Agreement and the transactions contemplated thereunder at the EGM.

The circular containing, among other things, (i) further details of the Share Purchase Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, will be dispatched to the Shareholders as soon as practicable but not later than 19 June 2018.

INTRODUCTION

The Board is pleased to announce that, after trading hours on 28 May 2018, the Company and the Purchaser entered into the Share Purchase Agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares at a consideration of RMB140 million.

The principal terms of the Share Purchase Agreement are set out below:

THE SHARE PURCHASE AGREEMENT

Date

28 May 2018

Parties

Vendor: The Company

Purchaser: Yue Da Group (H.K.) Co., Limited

Assets to be disposed of

The Sale Shares represents the entire issued share capital of the Target Company. The Target Company is an investment holding company and its principal asset is the 70% of the issued share capital of Tong Ling Guan Hua, the principal asset of which is the Mining Rights. Tong Ling Guan Hua conducts mining operations in Tongling City, Anhui Province of the PRC and its major products include gold and stone for construction.

Consideration

The Consideration, being an amount of RMB140 million, is to be payable by the Purchaser to the Company on Completion and shall be settled by way of net-off against the shareholder's loan owing to the Purchaser by the Company, the principal amount of which stands at HK\$363,244,536 (equivalent to RMB295,320,761) as at 30 April 2018.

Basis of Consideration

The Consideration was arrived at after arm's length negotiations between the Company and the Purchaser on normal commercial terms and with reference to the preliminary valuation report prepared by the Independent Valuer.

The Directors considers that the net-off arrangement set out above is in the interest of the Company and the Shareholders as a whole as the outstanding indebtedness owing by the Company to the Purchaser after Completion will be reduced significantly and thereby improving the Company's gearing ratio.

Conditions Precedent

Completion shall be conditional upon the following Conditions:

1. the passing by the requisite majority of shareholders of the Company at the EGM of all resolutions required under the Listing Rules to approve the transactions contemplated under the Share Purchase Agreement;
2. all necessary consents, authorisations and approvals relating to the conclusion of the Share Purchase Agreement and its performance having been obtained by the Company on or before the Completion Date; and
3. all representations, undertakings and warranties given by the Company under the Share Purchase Agreement are and shall remain true, accurate, correct and complete and not misleading in all material respects up to the Completion Date.

The Purchaser may waive any of the Conditions (except Condition set out in paragraph (1)) by written notice to the Company.

If the Conditions set out above are not fulfilled or waived in writing by the Purchaser at or before 4:00 p.m. on the Long Stop Date, the Share Purchase Agreement shall terminate (save and except certain provisions, including the provision on waiver of conditions, representations, warranties and undertakings, confidentiality and announcements, notices and governing law, which shall survive termination of the Share Purchase Agreement), in which case none of the Company or the Purchaser shall have any claim against the others for costs, damages, compensation or otherwise (save in respect of any prior breach of the Share Purchase Agreement).

Completion

Completion shall take place upon the fulfillment or waiver (as the case may be) of all the above Conditions.

Upon Completion, the Company will cease to hold any interest in the Target Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the British Virgin Islands with limited liability. It is a wholly-owned subsidiary of the Company. The principal business of the Target Company is investment holding and its principal asset is the Mining Right.

The unaudited total asset value and net asset value of the Target Company and its subsidiaries (the “**Target Group**”) as at 30 April 2018 were approximately HK\$249,027,000 and HK\$199,320,000 respectively.

For the year ended 31 December 2017, the audited net loss (before taxation and extraordinary items) and the audited net loss (after taxation and extraordinary items) of the Target Group were approximately HK\$12,526,000 and HK\$12,526,000 respectively. For the year ended 31 December 2016, the audited net loss (before taxation and extraordinary items) and the audited net loss (after taxation and extraordinary items) of the Target Group were approximately HK\$304,000 and HK\$304,000 respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Since 2017, several sets of new laws and regulations relating to the preservation of mines came into force which required stringent measures to be put in place to step up the standards of ecosystem and environmental protection, and work safety. As a result, the costs of Tong Ling Guan Hua’s mining operations far outweighed its benefits and such mining operations ceased in 2017 as it was no longer commercially feasible. On the other hand, as the Company has been undertaking the business of commercial factoring from 2017 in line with its plans to change its principal business to that of commercial factoring as previously announced, the Disposal will be conducive to the Company’s change of principal business.

Given the abovementioned constraints, the valuation of Tong Ling Guan Hua might not be attractive to potential purchasers from the open market. As the consideration payable by the Purchaser under the Share Purchase Agreement is higher than the valuation of the relevant interest in Tong Ling Guan Hua that is acquired by the Purchaser, the Company is of the view that disposing the Sale Shares to the Purchaser will maximise the value of Tong Ling Guan Hua and, in turn, the benefits to the Company and its Shareholders to a whole. In view of the above, the Directors (including the Independent non-executive Directors) are of the view that the terms and conditions of the Share Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and are in the best interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Company will cease to hold any interest in the Target Company and the financial results of the Target Company will no longer be recorded to the Group's financial statements.

The net proceeds of approximately RMB137,538,000 (after deducting the related expenses in relation to the Disposal) will be received by the Group and the gross consideration of RMB140,000,000 will be used to net-off against the shareholder's loan owing to the Purchaser by the Company, the principal amount of which stands at HK\$363,244,536 (equivalent to RMB295,320,761) as at 30 April 2018.

Based on, inter alia, the Consideration, the audited net liabilities as at 31 December 2017, the outstanding amount of approximately RMB460,252,000 due to the Purchaser, its ultimate parent company and its fellow subsidiaries, which is to be set off against the Consideration payable by the Purchaser for the Sale Shares, and the related expenses for the Disposal, the Group currently expects to record a gain on the Disposal of approximately RMB6,240,000 upon Completion which is subject to review by the Group's auditors.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Purchaser is interested in 808,971,333 of the shares of the Company (representing approximately 69.22% of the issued share capital of the Company) and is a controlling shareholder of the Company within the meaning of the Listing Rules. Accordingly, the Purchaser is a connected person of the Company and the transactions under the Share Purchase Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratio in respect of the Disposal is more than 5% but is less than 25%, the Disposal constitutes a discloseable and connected transaction for the Company under the Listing Rules and is subject to announcement, reporting and independent shareholders' approval requirements under the Listing Rules.

GENERAL

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The circular containing, among other things, (i) further details of the Share Purchase Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, will be dispatched to the Shareholders as soon as practicable but not later than 19 June 2018.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Company”	Yue Da Mining Holdings Limited 悦達礦業控股有限公司, a company incorporated in the Cayman Islands and the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Share Purchase Agreement
“Completion Date”	the date all Conditions are satisfied, or any other date as mutually agreed by the Purchaser and the Company in writing
“Conditions”	The conditions precedent to the Completion as set out in the paragraph headed “Conditions Precedent” under the section headed “The Share Purchase Agreement” in this announcement
“Directors”	The directors of the Company
“Disposal”	The disposal of the Sale Shares pursuant to the terms and conditions of the Share Purchase Agreement

“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Share Purchase Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors established for the purpose of considering and advising the Independent Shareholders in respect of the Share Purchase Agreement and the Disposal
“Independent Financial Adviser”	Veda Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Share Purchase Agreement and transactions contemplated thereunder
“Independent Shareholders”	Shareholder(s) other than those required to abstain from voting on the resolution(s) at the EGM under the Listing Rules
“Independent Valuer”	GW Financial Advisory Services Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	28 November 2018, or any other date as agreed between the Company and the Purchaser in writing
“Mines”	the mine located at 安徽省銅陵縣亮石山鐵(金)礦(Anhui Tong Ling Liangshishan Iron (Gold) Mine*), the iron mining site situated in Anhui Province, and the mine located at 銅陵冠華礦業有限責任公司棋子沖金礦(Tong Ling Guan Hua Mining Company Limited Qizichong Gold Mine*), the gold and polymetallic mining site situated in Anhui Province
“Mining Rights”	The exploration license of the mine located at 安徽省銅陵縣亮石山鐵(金)礦(Anhui Tong Ling Liangshishan Iron (Gold) Mine*), the iron mining site situated in Anhui Province, and mining rights of the mine located at 銅陵冠華礦業有限責任公司棋子沖金礦(Tong Ling Guan Hua Mining Company Limited Qizichong Gold Mine*), the gold and polymetallic mining site situated in Anhui Province

“PRC”	the People’s Republic of China, which for the purpose of this announcement and unless the context suggests otherwise, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Yue Da Group (H.K.) Co., Limited
“Purchaser’s Group”	the Purchaser and its subsidiaries, excluding the Company and the Group
“Sale Shares”	all the issued shares of the Target Company
“Shareholder(s)”	holder of the shares of the Company
“Share Purchase Agreement”	The share purchase agreement dated 28 May 2018 entered into between the Company and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“Target Company”	Absolute Apex Limited
“Target Group”	the Target Company and its subsidiaries
“Tong Ling Guan Hua”	Tong Ling Guan Hua Mining Company Limited, a company incorporated in the PRC and an indirect non-wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC

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

* *for identification purposes only*

Hong Kong, 28 May 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 Guangya; (b) as executive Directors, Mr. Mao Naihe, Mr. Hu Huaimin, Mr. Cai Baoxiang and Mr. Bai Zhaoxiang; and (c) as independent non-executive Directors, Mr. Cui Shu Ming, Dr. Liu Yongping and Mr. Cheung Ting Kee.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.