YUE DA MINING HOLDINGS LIMITED
悦 達 礦 業 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 629)

Interim Results Announcement
For the Six Months Ended 30th June, 2018

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Yue Da Mining Holdings Limited (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30th June, 2018 (the "**Period**") together with the comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE, 2018

		Six months ended	
		30.6.2018	30.6.2017
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*3*		
Goods and services		**41,068**	32,590
Interest		**8,223**	–
Total revenue		**49,291**	32,590
Cost relating to inventories sold		**(20,492)**	(19,742)
Cost relating to services rendered		**(1,092)**	–
Other income		**2,698**	3,755
Other gains (losses), net	*4*	**(19,549)**	10,615
Impairment losses on assets	*5*	**–**	(143,004)
Administrative expenses		**(21,857)**	(23,227)
Finance costs	*6*	**(6,300)**	(6,489)
Loss before tax		**(17,301)**	(145,502)
Income tax (charge) credit	*7*	**(997)**	35,584
Loss and total comprehensive expense for the period	*8*	**(18,298)**	(109,918)
Loss and total comprehensive expense for the period attributable to:			
Owners of the Company		**(17,378)**	(76,047)
Non-controlling interests		**(920)**	(33,871)
		(18,298)	(109,918)
Loss per share	*10*		
– Basic		**RMB(1.49) cents**	RMB(6.51) cents
– Diluted		**RMB(1.49) cents**	RMB(6.51) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH JUNE, 2018

	NOTES	**30.6.2018** **RMB'000** **(unaudited)**	31.12.2017 *RMB'000* (audited)
Non-current Assets			
Property, plant and equipment		**38,734**	56,016
Prepaid lease payments		**5,677**	5,787
Mining rights		**210,031**	365,102
Long term deposits		**8,115**	16,600
Other receivables	*11*	**9,666**	18,807
		272,223	462,312
Current Assets			
Prepaid lease payments		**221**	221
Inventories		**8,964**	14,925
Trade and other receivables	*11*	**534,919**	171,568
Amounts due from related companies		**8,163**	200
Tax recoverable		**788**	–
Cash and cash equivalents		**331,739**	506,240
		884,794	693,154
Assets associated with disposal groups classified as held-for-sale	*13*	**187,019**	–
		1,071,813	693,154
Current Liabilities			
Trade and other payables	*12*	**35,360**	50,760
Amounts due to related companies		**339,220**	460,252
Amounts due to directors		**305**	320
Taxation payable		**3,752**	6,118
Corporate bonds		**140,450**	–
		519,087	517,450
Liabilities associated with disposal groups classified as held-for-sale	*13*	**38,178**	–
		557,265	517,450
Net Current Assets		**514,548**	175,704
Total Assets Less Current Liabilities		**786,771**	638,016

	NOTE	30.6.2018 RMB'000 (unaudited)	31.12.2017 RMB'000 (audited)
Capital and Reserves			
Share capital		**105,965**	105,965
Reserves		**261,910**	279,288
Equity attributable to owners of the Company		**367,875**	385,253
Non-controlling interests		**27,950**	28,870
Total Equity		**395,825**	414,123
Non-current Liabilities			
Bank borrowing	*14*	**339,926**	–
Corporate bonds		**–**	138,003
Provisions		**1,911**	2,324
Deferred tax liabilities		**49,109**	83,566
		390,946	223,893
		786,771	638,016

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2018

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2017.

In the current interim period, the Group has applied, for the first time, certain new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

In addition, the Group has applied the following accounting policies during the current period:

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

3. 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 and gold ("Mining Operations")
- provision of factoring services, accounts receivable management and collection, and factoring consultancy services ("Factoring Related Business")

During the second half of 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.

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 six months ended 30th June, 2018

	Mining Operations *RMB'000*	**Factoring Related Business** *RMB'000*	**Consolidated** *RMB'000*
Segment revenue – external	**33,046**	**16,245**	**49,291**
Segment profit	**128**	**13,414**	**13,542**
Other income			**2,698**
Other gains and losses			
– Net foreign exchange losses			**(19,580)**
– Gain on disposal of property, plant and equipment			**31**
Central administration costs			**(7,692)**
Finance costs			**(6,300)**
Loss before tax			**(17,301)**

For the six months ended 30th June, 2017

	Mining operations and consolidated *RMB'000*
Segment revenue – external	32,590
Segment loss	(142,529)
Other income	3,755
Other gains and losses	
– Net foreign exchange gains	1,957
– Gain on disposal of property, plant and equipment	1,710
– Gain on disposal of subsidiaries	6,948
Central administration costs	(10,854)
Finance costs	(6,489)
Loss before tax	(145,502)

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2018	30.6.2017
	RMB'000	*RMB'000*
Net foreign exchange (losses) gains	**(19,580)**	1,957
Gain on disposal of property, plant and equipment	**31**	1,710
Gain on disposal of subsidiaries	**–**	6,948
	(19,549)	10,615

5. IMPAIRMENT LOSSES ON ASSETS

	Six months ended	
	30.6.2018	30.6.2017
	RMB'000	*RMB'000*
Impairment losses on:		
– property, plant and equipment	**–**	17,398
– mining rights	**–**	123,487
– goodwill	**–**	2,119
	–	143,004

6. FINANCE COSTS

	Six months ended	
	30.6.2018	30.6.2017
	RMB'000	*RMB'000*
Interest on bank borrowing wholly repayable within five years	**395**	–
Imputed interest on provision	**–**	17
Interest on corporate bonds	**5,300**	5,749
Interest on loan from related parties	**605**	723
	6,300	6,489

7. INCOME TAX (CHARGE)/CREDIT

	Six months ended	
	30.6.2018	30.6.2017
	RMB'000	*RMB'000*
Current tax		
– The People's Republic of China (the "PRC") Enterprise Income tax	**(876)**	–
Deferred tax	**(121)**	35,584
	(997)	35,584

The income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong. The applicable tax rates of those PRC subsidiaries is 25% for the six months ended 30th June, 2018 (for the six months ended 30th June, 2017: 15% to 25%).

8. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD

	Six months ended	
	30.6.2018	30.6.2017
	RMB'000	*RMB'000*
Loss and total comprehensive expense for the period has been arrived at after charging (crediting) the following items:		
Amortisation of mining rights (included in cost relating to inventories sold)	**1,506**	1,453
Depreciation of property, plant and equipment	**4,361**	2,163
Release of prepaid lease payments	**221**	216
Total depreciation and amortisation	**6,088**	3,832
Interest income from bank deposits	**(543)**	(526)

9. DIVIDEND

No dividend was paid, declared or proposed during six months ended 30th June, 2018. The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30th June, 2018.

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:

	Six months ended	
	30.6.2018	30.6.2017
	RMB'000	*RMB'000*
Loss		
Loss for the period attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	**(17,378)**	(76,047)
	Number	*Number*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,168,626,516**	1,168,626,516

The computation of the diluted loss per share 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. TRADE AND OTHER RECEIVABLES

	30.6.2018	31.12.2017
	RMB'000	*RMB'000*
Current		
Trade receivables	**8,155**	4,618
Factoring receivables	**461,000**	57,024
Advance payments to suppliers	**338**	500
Deferred consideration receivable	**–**	50,660
Deposits paid for investments *(Note i)*	**38,942**	39,725
Loan receivable *(Note ii)*	**20,234**	15,545
Other receivables and prepayments	**6,250**	3,496
	534,919	171,568
Non-current		
Loan receivables *(Note ii)*	**9,666**	18,807
	544,585	190,375

Notes:

(i) As at 30th June, 2018, aggregate deposits of US$5,963,000 million (approximately RMB39,453,000) (31st December 2017: US$6,245,000 (approximately RMB40,804,000)) have been paid to the Vendor (as defined below) (the "Deposits").

During the year ended 31st December, 2013, a wholly owned subsidiary of the Company, Yue Da Mining Limited ("YDM"), entered into an acquisition agreement (the "Acquisition Agreement") with an independent third party ("Vendor"). Pursuant to the Acquisition Agreement, YDM conditionally agreed to acquire and the Vendor conditionally agreed to sell (i) the entire issued share capital of two companies which are incorporated in the British Virgin Islands (the "Target Companies") and (ii) the shareholder loans as at the completion date of the Acquisition Agreement of the Target Companies, at a consideration of US$34 million (subject to any downward adjustments). The Target Companies have entered into sale and purchase agreements to acquire the entire capital of a company incorporated in Vietnam (the "Vietnam Company") which is principally engaged in the exploration of the certain mines in Vietnam which contain ilmenite, zircon, rutile and monazite ore resources. Pursuant to the Acquisition Agreement, the Deposits are secured by the charges over the entire issued share capital in the Target Companies and the mortgage over the shares of the Vietnam Company in favour of YDM. As certain conditions precedent to the Acquisition Agreement were not fulfilled on 15th November, 2014 (and the long stop date was not further extended), the acquisition was terminated on the same date.

Subsequent to 31st December, 2016, YDM and the Vendor have entered into a settlement agreement (the "Deposits Settlement Agreement") for the repayment of the Deposits. Pursuant to the Deposits Settlement Agreement, the Vendor shall forthwith pay YDM the sum of US$2 million, representing partial refund of the Deposits on or before 31st May, 2017 (the "Partial Refund"). Upon the Vendor's fulfilment of his obligation under the Partial Refund, YDM agrees to give the Vendor the following concessions: (1) YDM will not claim from the Vendor interest on the Deposits up to the date of Deposits Settlement Agreement, and (2) YDM shall release the mortgage over 60% of the share of the Vietnam Company by YDM. Provided that the Vendor fully complies with his obligations under the Partial Refund, YDM agrees to give the Vendor that the Vendor may defer refund payment to YDM of the remaining balance of US$5 million, by four instalments in accordance with the following timetable:

	US$'000
Repayment date	
30th September, 2017	1,000
31st December, 2017	1,000
30th June, 2018	1,000
31st December, 2018	2,000
	5,000

During the six months ended 30th June, 2018, partial refund of US$282,000 (approximately RMB1,813,000) was received from the Vendor. As the Deposits are carried at amortised cost, an imputed interest of RMB560,000 is recognised in profit or loss during the six months ended 30th June, 2018 (for six months ended 30th June, 2017: RMB1,361,000). As at 30th June, 2018, the aggregate carrying amount of the Deposits was RMB38,942,000 (31st December, 2017: RMB39,725,000) with accumulated impairment loss of RMB3,371,000 (31st December, 2017: RMB3,371,000). 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 executive settlement agreement. In the opinion of the directors of the Company, having considered the fair value of the collateral assets pledged by the Vendor, as at 30th June, 2018, no further impairment loss is required.

(ii) YDM entered into a loan agreement on 21st January, 2013 and subsequent supplemental agreement on 30th January, 2013 (collectively referred to as the "Loan Agreements") with Mineral Land Holdings Limited ("Mineral Land"), an independent third party, whereby YDM provided to Mineral Land a loan facility of up to US$16 million (approximately RMB100,500,000). US$8 million was drawn by Mineral Land since the Loan Agreements had been entered into. The facility is secured by a pledge of 60% equity interest in a company incorporated in Vietnam and is also guaranteed by an independent third party ("Guarantor").

As at 30th June, 2018, the principal amount of the outstanding loan owed by Mineral Land was US$4,800,000 (approximately RMB31,760,000) (31st December, 2017: US$5,700,000 (approximately RMB37,245,000)).

On 22nd December, 2017, YDM, Mineral Land and Guarantor have entered into a settlement agreement (the "Mineral Land Loan Settlement Agreement") for the repayment of the outstanding loan owed by Mineral Land. Pursuant to the Mineral Land Loan Settlement Agreement, Mineral Land agrees to pay YDM a sum of US$300,000 as immediate available fund on or before 31st December, 2017 in partial satisfaction for the repayment of the loan. YDM agrees to give Mineral Land concessions in that Mineral Land may defer repayment of the remaining outstanding amount of the loan owned by Mineral Land, by four instalments in accordance with the following timetable:

	US$'000
Due date	
30th June, 2018	900
31st December, 2018	1,600
30th June, 2019	1,600
31st December, 2019	1,600

Other major terms of Mineral Land Loan Settlement Agreement are set out in the Company's announcement dated 22nd December, 2017.

Upon the execution of Mineral Land Loan Settlement Agreement, repayment of US$300,000 (approximately RMB1,982,000) was received from Mineral Land during the second half year of the year ended 31st December, 2017. During the six months ended 30th June, 2018, repayment of US$900,000 (approximately RMB5,767,000) was received from Mineral Land. As the outstanding loan owed by Mineral Land is carried at amortised cost, an imputed interest of RMB1,041,000 is recognised in profit or loss during the six months ended 30th June, 2018 (2017: RMB1,224,000). As at 30th June, 2018, the aggregate carrying amount of the outstanding loan owed by Mineral Land was RMB29,900,000 (31st December, 2017: RMB34,352,000) with accumulated impairment loss of RMB5,340,000 (31st December, 2017: RMB5,340,000).

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

	30.6.2018 ***RMB'000***	31.12.2017 *RMB'000*
0 – 60 days	**1,818**	3,485
61 – 120 days	**654**	–
121 – 180 days	**5,412**	–
Over 180 days	**271**	1,133
	8,155	4,618

12. TRADE AND OTHER PAYABLES

	30.6.2018 ***RMB'000***	31.12.2017 *RMB'000*
Trade payables	**10,879**	7,042
Other payables	**24,481**	43,718
	35,360	50,760

The average credit period on purchases of goods is 60 days. The following is an aged analysis of trade payables, presented based on the invoice date at the end of the reporting period.

	30.6.2018	31.12.2017
	RMB'000	*RMB'000*
0 – 60 days	**2,782**	5,294
61 – 120 days	**749**	970
Over 120 days	**7,348**	778
	10,879	7,042

13. DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

On 28th May, 2018, the Company and Yue Da Group (H.K.) Co., Limited ("YDHK") entered into the share purchase agreement ("Share Purchase Agreement"), pursuant to which the Company has conditionally agreed to sell and YDHK has conditionally agreed to purchase the entire issued share capital of Absolute Apex Limited at a consideration of RMB140 million, which shall be settled and discharged by YDHK by offsetting shareholder loan due from the Company. The details of the Share Purchase Agreement are set out in the Company's circular dated 29th June, 2018. The principal assets of Absolute Apex Limited is its investment in 70% owned subsidiary, Tong Ling Guan Hua Mining Company Limited which is engaged in mining, processing and sales of gold and processing and sales of tailings and leach residue of gold ores. As at 30th June, 2018, the directors of the Company consider that the disposal is highly probable and will be disposed of within one year from the end of reporting period. The associated assets and liabilities of Absolute Apex Limited and its subsidiaries were classified as a disposal group held-for-sale.

The assets and liabilities associated with disposal group classified as held-for-sale are analysed as follows:

	30.6.2018
	RMB'000
Property, plant and equipment	18,117
Mining rights	153,565
Long term deposits	8,485
Inventories	1,592
Trade and other receivables	3,300
Cash and cash equivalents	1,960
Amounts due from group entities	15,408
Total assets associated with disposal group classified as held-for-sale	202,427
Less: Amounts due from group entities	(15,408)
Assets associated with disposal group classified as held-for-sale	187,019
Trade and other payables	(3,187)
Provisions	(413)
Deferred tax liabilities	(34,578)
Liabilities associated with disposal group classified as held-for-sale	(38,178)

For presentation in the condensed consolidated statement of financial position as at 30th June, 2018, the amounts due from group entities amounting to RMB15,408,000 has been excluded from the total assets associated with disposal group classified as held-for-sale.

Notes:

(1) Trade and other receivables

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

	30.6.2018
	RMB'000
0 – 60 days	38
Over 180 days	918
	956

(2) Trade and other payables

The average credit period on purchases of goods is 60 days. The following is an aged analysis of trade payables, presented based on the invoice date at the end of the reporting period.

	30.6.2018
	RMB'000
0 – 60 days	17
61 – 120 days	5
Over 120 days	60
	82

14. BANK BORROWING

	30.6.2018	31.12.2017
	RMB'000	*RMB'000*
Bank loan, repayable more than two years, but not exceeding five years* and shown under non-current liabilities	**339,926**	–

* The amount due is based on scheduled repayment date set out on the loan agreement.

As at 30th June 2018, bank loan amounting RMB339,926,000 (31st December, 2017: nil) is secured by the financial standby letter of credit issued by a bank.

During the current interim period, the Group obtained new bank loan amounting EUR44,426,000 (approximately RMB331,343,000) (31st December, 2017: nil).

The range of effective interest rate (which are also equal to contracted interest rate) on the Group's borrowing is 1.39% (31st December, 2017: nil) per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

The mining operations and the new factoring business of Group recorded an operating revenue of RMB33,046,000 and RMB16,245,000 respectively for the six months ended 30th June 2018 (the "Period"), the mining operations revenue increased by approximately 1.4% when compared with RMB32,590,000 in 2017. During the Period, the Company continued its business transformation by disposing the suspended operation of Tong Ling Guan Hua. The disposal is completed after passing the ordinary resolution at an extraordinary general meeting as at 20 July 2018. The loss and total comprehensive expense attributable to the owners of the Company for the Period was RMB17,378,000 (corresponding period of last year: RMB76,047,000) and basic loss per share was RMB1.49 cents (corresponding period of last year: RMB6.51 cents).

INTERIM DIVIDEND

The board ("Board") of directors ("Directors") of the Company does not recommend the payment of any interim dividend during the Period.

BUSINESS REVIEW

During the Period under review, the Group was principally engaged in exploration, mining and processing of metal minerals in the People's Republic of China ("PRC") (the "Mining Operations") and Factoring Related Business.

MINING OPERATIONS

During the Period, the Mining Operations realized an operating revenue of RMB33,046,000 (corresponding period of last year: RMB32,590,000) with a segment profit of RMB128,000 (corresponding period of last year: Segment loss RMB142,529,000). The ores extracted during the Period amounted to 39,000 tons, representing an increase of 3.4% over 37,715 tons in the corresponding period of last year, with a unit mining cost (excluding gold ores) of approximately RMB211 per ton (corresponding period of last year: RMB179 per ton) and a unit processing cost (excluding gold ores) of approximately RMB139 per ton (corresponding period of last year: RMB154 per ton).

Under Normal Operation

Baoshan Feilong Nonferrous Metal Co., Ltd. ("Baoshan Feilong"), a subsidiary of the Company, conducts mining operations in Baoshan City, Yunnan Province of the PRC. Major products include zinc ore concentrates, lead ore concentrates and copper ore concentrates. Prices of these products were higher than the corresponding period of last year which enabled the Group to achieve a higher mining operation revenue in spite of a lower processing volume during the Period.

Under suspension

Tong Ling Guan Hua Mining Company Ltd. ("Tong Ling Guan Hua"), a subsidiary of the Company, conducts mining operations in Tongling City, Anhui Province of the PRC. Major products include gold and stone for construction. Related government bureaus implemented several temporary policies relating to environmental protection and transportation during the Period and up to now, which adversely impacts on our products delivery, causing certain degrees of disturbance in our production plan and product delivery as a result.

A share purchase agreement was entered into between the Company and YDHK, the immediate holding company of the Company. Pursuant to the share purchase agreement, the Company has conditionally agreed to sell and YDHK has conditionally agreed to purchase the entire share capital of Absolute Apex Limited, which holds the entire share capital of Tong Ling Guan Hua, at a consideration of RMB140 million. The transaction was completed on 20 July 2018 after passing the ordinary resolution at an extraordinary general meeting. An unaudited gain of disposal of approximately RMB3,701,000 is expected to be recorded in the second half of 2018.

Performance

The table below sets out the Mining Operations by products for the six-months periods ended 30th June 2018 and 2017:

	Processing Volume			Average price (net of tax)		
	2018	**2017**	**% Change**	**2018**	**2017**	**% Change**
Zinc ore concentrates (in metric tons)	964	1,263	-23.67	15,164	13,723	+10.50
Lead ore concentrates (including silver) (in metric tons)	136	273	-50.18	14,672	13,956	+5.13
Copper ore concentrate (in metric tons)	32	38	-15.79	37,264	29,577	+25.99
Gold (in grams)	–	7,375	-100.00	273	274	-0.36
Stone for construction (in tons)	–	60,709	-100.00	47.55	23.63	+100.23

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

Name of subsidiaries	**Products**	**Revenue**	**Proportion of the Group**
		RMB'000	%
Baoshan Feilong	Lead, zinc and copper ore concentrates	30,528	92.38
Tong Ling Guan Hua	Gold and stone for construction	2,518	7.62
		33,046	100

Factoring business

The factoring business was commenced in the second half of 2017 and recorded an operating revenue of RMB16,245,000 with a segment profit of RMB13,414,000 during the Period. Loans with total amount of RMB461,000,000 was granted as at 30 June 2018, and recorded interest income and administration fee income of RMB8,221,000 and RMB8,024,000 respectively during the Period.

Strategic Co-operation

Two strategic co-operation agreements with a term of 10 years were entered into by the Group with Zhuzhou Smelter Group Co. Limited ("Zhuzhou Smelter") and Yunnan Yuntong Zinc Alloy Company Limited ("Yunnan Yuntong"). The above agreements continued to be in force during the Period.

IMPORTANT EVENTS DURING THE PERIOD

Investment in Vietnam

As at 30th June, 2018, the outstanding receivables in Vietnam by the Group are Sao Mai Deposit of US$5,963,000 and loan owed Mineral Land of US$4,800,000. Yue Da Mining Limited ("YDM"), a wholly-owned subsidiary of the Group, is in process of negotiating with the respective relevant parties for the settlement arrangement.

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. According to the 2017 Loan Settlement Agreement, the deed of share charge and deed of assignment shall be completed within 90 days. All parties agreed to extend the completion date to 30 September 2018 on 20 July 2018.

PROSPECTS

Global raw material prices showed continuous rebound which benefitted the performance of Baoshan Feilong mining business during the Period. After disposal of Tong Ling Guan Hua, Baoshan Feiling become the only mining operation in the Group.

Looking forward to the second half of 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2018, the Group's current assets were RMB1,071,813,000 (31st December, 2017: RMB693,154,000), of which RMB331,739,000 (31st December, 2017: RMB50,624,000) were bank balances and cash on hand. As at 30th June, 2018, the net asset value of the Group amounted to RMB395,825,000, representing a decrease of approximately 4.42% as compared to RMB414,123,000 at 31st December, 2017. The gearing ratio (total liabilities/total assets) of the Group was approximately 67.7% (31st December, 2017: 64.2%).

As at 30th June, 2018, the share capital of the Company was RMB105,965,000 (31st December, 2017: RMB105,965,000). The Group's reserve and minority interests were RMB261,910,000 (31st December, 2017: RMB279,288,000) and RMB27,950,000 (31st December, 2017: RMB28,870,000) respectively. As at 30th June, 2018, the Group had total current liabilities of RMB519,087,000 (31st December, 2017: RMB517,450,000), mainly comprising trade and other payables, amount due to related companies and corporate bonds. The total non-current liabilities of the Group amounted to RMB390,946,000 (31st December, 2017: RMB223,893,000), which were mainly bank borrowings, provisions and deferred tax liabilities.

CAPITAL STRUCTURE OF THE GROUP

The capital structure of the Group consists of debts, which include bank borrowings, amounts due to related companies, amounts due to directors and corporate bonds and equity reserves attributable to owners of the Company, comprising issued share capital and various reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the Directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi. Hong Kong dollars and Euro. The Group was not engaged in any hedging by financial instruments in relation to exchange rate risk.

The Group recorded a net exchange loss amounting to RMB19,580,000 during the Period mainly due to depreciation of Renminbi which adversely affect liabilities denominated in currencies other than Renminbi. The Group is closely monitoring the risk and will apply appropriate hedging instruments when it is needed.

CONTINGENT LIABILITIES AND CHARGE ON THE GROUP'S ASSETS

As at 30th June, 2018, the Group did not have any guarantees and charges nor any other material contingent liabilities (31st December, 2017: nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30th June, 2018, the Group had a total of approximately 333 employees (where they were located in Hong Kong and the PRC), engaged in management, administration and mining. The management reviewed the remuneration policy regularly on the basis of performance and experience of the employees as well as the prevailing industry practices. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations. Insurance and mandatory provident fund schemes are also maintained for its Hong Kong staff. During the Period, the Group provided various training courses on relevant business or skills for its management and staff at different levels. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labour dispute.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

In the opinion of the Board, the Group has complied with all of the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the Period, except that (i) the Chairman of the Board was not able to attend the annual general meeting of the Company held on 18th May, 2018 (the "2017 AGM") (deviated from code provision E.1.2) due to other business commitment. Nevertheless, one of the Directors attended and acted as the chairman of the 2017 AGM; (ii) Mr. Qi Guangya, being a non-executive Director, and Dr. Liu Yongping and Mr. Cheung Ting Kee, being independent non-executive directors, were not able to attend the 2017 AGM (deviated from code provision A.6.7) due to their other business commitments. Nevertheless, this Directors were passed their opinion to the chairman of the 2017 AGM before its commencement; and (iii) the non-executive Directors are not appointed for a specific term (deviated from code provision A.4.1). However, all non-executive Directors are subject to retirement and rotation once every three years in accordance with the Company's Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company's audit committee currently comprises Mr. Cheung Ting Kee (Chairman of the audit committee, an independent non-executive Director), Mr. Qi Guangya (a non-executive Director) and Mr. Cui Shuming (an independent non-executive Director). Duties of the audit committee include reviewing all matters relating to the scope of audit, such as the financial statements and internal control, with an aim to safeguard the interest of the shareholders of the Company. At a meeting held on 20th July, 2018, the audit committee reviewed the accounting principles and practices adopted by the Group, the unaudited interim results of the Group for the Period and discussed matters relating to audit, internal control and financial reporting with the management.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

The Company has set up a nomination committee with written terms of reference, whose members are currently Mr. Wang Lianchun (Chairman of the nomination committee, a non-executive Director and Chairman of the Board), Mr. Cui Shuming (an independent non-executive Director) and Dr. Liu Yongping (an independent non-executive Director). Duties of the nomination committee include reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the relevant blend of skills, knowledge and experience.

PUBLICATION OF THE INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's interim report for the six months ended 30th June, 2018 will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.yueda.com.hk in due course.

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

Hong Kong, 20th July, 2018

As at the date of this announcement, the Board comprises the following members: (a) as non-executive Directors, Mr. Wang Lianchun and Mr. Qi Guangya; (b) as executive Directors Mr. Mao Naihe, Mr. Hu Huaimin, Mr. Cai Baoxiang and Mr. Bai Zhaoxiang; and (c) as independent non-executive Directors, Mr. Cui Shuming, Dr. Liu Yongping and Mr. Cheung Ting Kee.