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## **YUE DA INTERNATIONAL HOLDINGS LIMITED**

**悅達國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 629)**

### **Interim Results Announcement For the Six Months Ended 30th June, 2019**

#### **INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Yue Da International 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, 2019 (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, 2019*

	<i>NOTES</i>	<b>Six months ended</b>	
		<b>30.6.2019</b> <b><i>RMB'000</i></b> <b>(unaudited)</b>	<b>30.6.2018</b> <b><i>RMB'000</i></b> <b>(unaudited)</b>
Revenue			
Contracts with customers	3A	<b>24,064</b>	41,068
Interests		<b>18,488</b>	8,223
Total revenue		<b>42,552</b>	49,291
Cost relating to inventories sold		<b>(15,081)</b>	(20,492)
Cost relating to services rendered		<b>(1,425)</b>	(1,092)
Other income		<b>1,191</b>	2,698
Other gains (losses), net	4	<b>2,621</b>	(19,549)
Administrative expenses		<b>(13,427)</b>	(21,857)
Finance costs	5	<b>(6,702)</b>	(6,300)
Profit (loss) before tax		<b>9,729</b>	(17,301)
Income tax charge	6	<b>(5,805)</b>	(997)
Profit (loss) and total comprehensive income (expense) for the period	7	<b><u>3,924</u></b>	<u>(18,298)</u>
Profit (loss) and total comprehensive income (expense) for the period attributable to:			
Owners of the Company		<b>3,924</b>	(17,378)
Non-controlling interests		<b>–</b>	(920)
		<b><u>3,924</u></b>	<u>(18,298)</u>
Earnings (loss) per share	9		
– Basic		<b><u>RMB0.34 cents</u></b>	<u>RMB(1.49) cents</u>
– Diluted		<b><u>RMB0.34 cents</u></b>	<u>RMB(1.49) cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AT 30TH JUNE, 2019*

	<i>NOTES</i>	<b>30.6.2019</b> <b>RMB'000</b> <b>(unaudited)</b>	31.12.2018 <i>RMB'000</i> (audited)
<b>Non-current Assets</b>			
Property, plant and equipment		42,468	44,472
Right-of-use assets		7,246	–
Prepaid lease payments		–	5,566
Mining rights		207,105	208,209
Long term deposits		8,115	8,115
Deferred tax assets		569	647
		<hr/>	<hr/>
		<b>265,503</b>	267,009
<b>Current Assets</b>			
Prepaid lease payments		–	221
Inventories		18,306	18,042
Trade and other receivables	<i>10</i>	561,701	709,565
Amounts due from related companies		2,441	6,100
Tax receivable		887	335
Cash and cash equivalents		201,118	162,563
		<hr/>	<hr/>
		<b>784,453</b>	896,826
<b>Current Liabilities</b>			
Trade and other payables	<i>11</i>	21,814	71,747
Contract liabilities		7,854	13,927
Lease liabilities		1,457	–
Amounts due to related companies		275,937	188,269
Amounts due to directors		320	329
Corporate bonds		–	147,304
Taxation payable		3,425	6,330
		<hr/>	<hr/>
		<b>310,807</b>	427,906
<b>Net Current Assets</b>		<hr/> <b>473,646</b> <hr/>	<hr/> 468,920 <hr/>
<b>Total Assets Less Current Liabilities</b>		<hr/> <b>739,149</b> <hr/>	<hr/> 735,929 <hr/>

	<b>30.6.2019</b> <i>RMB'000</i> <b>(unaudited)</b>	31.12.2018 <i>RMB'000</i> (audited)
<b>Capital and Reserves</b>		
Share capital	<b>105,965</b>	105,965
Reserves	<b>234,796</b>	230,872
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>340,761</b>	336,837
	<hr/>	<hr/>
<b>Non-current Liabilities</b>		
Bank borrowing	<b>347,278</b>	348,624
Lease liabilities	<b>177</b>	–
Provisions	<b>1,911</b>	1,911
Deferred tax liabilities	<b>49,022</b>	48,557
	<hr/>	<hr/>
	<b>398,388</b>	399,092
	<hr/>	<hr/>
	<b>739,149</b>	735,929
	<hr/> <hr/>	<hr/> <hr/>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### *FOR THE SIX MONTHS ENDED 30TH JUNE, 2019*

#### **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.

Other than change in accounting policies resulting from application of new and amendments and interpretation to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the preparation of condensed consolidated financial statements for the six months ended 30th June, 2019 are the same as those applied in the preparation of the Group’s annual financial statements for the year ended 31st December, 2018.

#### **Application of new and amendments and interpretation to HKFRSs**

In the current interim period, the Group has applied, for the first time, the following new and amendments and interpretation to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1st January, 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

### 3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

#### Disaggregation of revenue

For the six months ended 30th June, 2019

	<b>Mining Operations RMB'000</b>	<b>Factoring Related Business RMB'000</b>
<b>Types of goods or service</b>		
Sale of zinc, lead and copper ore concentrates	16,972	–
Management fee from accounts receivable management and collection services	–	7,092
	<hr/>	<hr/>
Total	<u>16,972</u>	<u>7,092</u>
<b>Timing of revenue recognition</b>		
A point of time	16,972	–
Overtime	–	7,092
	<hr/>	<hr/>
Total	<u>16,972</u>	<u>7,092</u>

All the revenue from contracts with customers are derived from the People's Republic of China (the "PRC").

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	<b>Mining Operations RMB'000</b>	<b>Factoring Related Business RMB'000</b>
Revenue disclosed in segment information	16,972	25,580
Less: Interest income	–	(18,488)
	<hr/>	<hr/>
<b>Revenue from contracts with customers</b>	<u>16,972</u>	<u>7,092</u>

**For the six months ended 30th June, 2018**

	Mining Operations <i>RMB'000</i>	Factoring Related Business <i>RMB'000</i>
<b>Types of goods or service</b>		
Sale of zinc, lead and copper ore concentrates	30,528	–
Sale of gold and stone for construction from gold mine	2,518	–
Management fee from accounts receivable management and collection services	–	8,022
	<hr/>	<hr/>
Total	<u>33,046</u>	<u>8,022</u>

**Timing of revenue recognition**

A point of time	33,046	–
Overtime	–	8,022
	<hr/>	<hr/>
Total	<u>33,046</u>	<u>8,022</u>

All the revenue from contracts with customers are derived from the PRC.

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Mining Operations <i>RMB'000</i>	Factoring Related Business <i>RMB'000</i>
Revenue disclosed in segment information	33,046	16,245
Less: Interest income	–	(8,223)
	<hr/>	<hr/>
<b>Revenue from contracts with customers</b>	<u>33,046</u>	<u>8,022</u>

**3B. 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 and accounts receivable management and collection services ("**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 six months ended 30th June, 2019

	<b>Mining Operations RMB'000</b>	<b>Factoring Related Business RMB'000</b>	<b>Consolidated RMB'000</b>
Segment revenue – external	<u>16,972</u>	<u>25,580</u>	<u>42,552</u>
Segment (loss) profit	(3,174)	21,526	18,352
Other income			1,191
Other gains and losses			
– Net foreign exchange gains			2,550
– Gain on disposal of a subsidiary			87
– Impairment loss allowance for financial assets, net			(16)
Central administration costs			(5,733)
Finance costs			<u>(6,702)</u>
Profit before tax			<u>9,729</u>

### For the six months ended 30th June, 2018

	<b>Mining Operations RMB'000</b>	<b>Factoring Related Business RMB'000</b>	<b>Consolidated RMB'000</b>
Segment revenue – external	<u>33,046</u>	<u>16,245</u>	<u>49,291</u>
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			<u>(6,300)</u>
Loss before tax			<u>(17,301)</u>



#### 4. OTHER GAINS (LOSSES), NET

	Six months ended	
	30.6.2019 RMB'000	30.6.2018 RMB'000
Net foreign exchange gains (losses)	2,550	(19,580)
Gain on disposal of property, plant and equipment	–	31
Gain on disposal of subsidiaries ( <i>Note 13</i> )	87	–
Impairment loss allowance for financial assets, net	(16)	–
	<u>2,621</u>	<u>(19,549)</u>

#### 5. FINANCE COSTS

	Six months ended	
	30.6.2019 RMB'000	30.6.2018 RMB'000
Interest on bank borrowing wholly repayable within five years	2,874	395
Interest on corporate bonds	3,270	5,300
Interest on loan from related parties	546	605
Interest on lease liabilities	12	–
	<u>6,702</u>	<u>6,300</u>

#### 6. INCOME TAX CHARGE

	Six months ended	
	30.6.2019 RMB'000	30.6.2018 RMB'000
Current tax		
– The PRC Enterprise Income tax	<u>(5,262)</u>	<u>(876)</u>
Deferred tax	<u>(543)</u>	<u>(121)</u>
	<u>(5,805)</u>	<u>(997)</u>

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, 2019 (for the six months ended 30th June, 2018: 25%).

## 7. PROFIT (LOSS) AND TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD

	Six months ended	
	30.6.2019 <i>RMB'000</i>	30.6.2018 <i>RMB'000</i>
Profit (loss) and total comprehensive income (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)	1,104	1,506
Depreciation of property, plant and equipment	3,399	4,361
Depreciation of right-of-use assets	1,265	–
Release of prepaid lease payments	–	221
	<hr/>	<hr/>
Total depreciation and amortisation	5,768	6,088
	<hr/>	<hr/>
Interest income from bank deposits	(1,092)	(543)
	<hr/> <hr/>	<hr/> <hr/>

## 8. DIVIDEND

No dividend was paid, declared or proposed during six months ended 30th June, 2019. The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30th June, 2019.

## 9. EARNINGS (LOSS) PER SHARE

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

	Six months ended	
	30.6.2019 <i>RMB'000</i>	30.6.2018 <i>RMB'000</i>
<b>Earnings (loss)</b>		
Profit (loss) for the period attributable to owners of the Company and earnings (loss) for the purposes of basic and diluted earnings (loss) per share	3,924	(17,378)
	<hr/> <hr/>	<hr/> <hr/>
	<i>Number</i>	<i>Number</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	1,168,626,516	1,168,626,516
	<hr/> <hr/>	<hr/> <hr/>

The computation of the diluted earnings (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.

## 10. TRADE AND OTHER RECEIVABLES

	30.6.2019 <i>RMB'000</i>	31.12.2018 <i>RMB'000</i>
<b>Current</b>		
Trade receivables	1,333	–
Factoring receivables	552,724	630,413
Advance payments to suppliers	869	2,520
Deposits paid for investments ( <i>Note i</i> )	–	38,202
Loan receivable ( <i>Note ii</i> )	–	32,637
Other receivables and prepayments	6,775	5,793
	<u>561,701</u>	<u>709,565</u>

### Notes:

- (i) As at 31st December, 2018, aggregate deposits of US\$5,963,000 (approximately RMB40,924,000) have been paid to the Vendor pursuant to the Acquisition Agreement (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.

The details and progress of the Acquisition Agreement up to 31st December, 2018 is set out in the Company’s 2018 annual report.

As at 31st December, 2018, the aggregate carrying amount of the Deposits was RMB38,202,000 with net accumulated impairment loss of RMB2,723,000.

On 20th March, 2019, the Company and Yue Da Group (H.K.) Co., Limited (“**YDHK**”), a shareholder of the Company, entered into the conditional sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell, and YDHK has conditionally agreed to purchase the entire equity interest of YDM, at an aggregate consideration of US\$5.60 million (equivalent to approximately RMB38.40 million). The principal asset of YDM is the Deposits. The transaction was completed during the current interim period. Further details of this transaction are set out in the Company’s announcements dated 20th March, 2019 and Note 13.

- (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 31st December, 2018, the principal amount of the outstanding loan owed by Mineral Land was US\$4,800,000 (approximately RMB32,943,000).

The details and progress of the Loan Agreement up to 31st December, 2018 is set out in the Company’s 2018 annual report.

On 11th December, 2018, YDM, Mineral Land, Guarantor and an assignee (“**Assignee**”) entered into a loan assignment (“**Loan Assignment**”), pursuant to which YDM has conditionally agreed to sell and Assignee has conditionally agreed to purchase the outstanding loan owned by Mineral Land (at principal amount of US\$4.8 million) at a consideration of US\$4.8 million. Pursuant to the Loan Assignment, the Group received the entire consideration of US\$4.8 million (approximately RMB32,942,000) up to 31st December, 2018.

As at 31st December, 2018, the aggregate carrying amount of the outstanding loan owed by Mineral Land was RMB32,637,000 with net accumulated impairment loss of RMB305,000.

During the current interim period, the completion of the Loan Assignment is taken place.

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:

	<b>30.6.2019</b> <i>RMB'000</i>	31.12.2018 <i>RMB'000</i>
0 – 60 days	<u>1,333</u>	<u>–</u>

#### 11. TRADE AND OTHER PAYABLES

	<b>30.6.2019</b> <i>RMB'000</i>	31.12.2018 <i>RMB'000</i>
Trade payables	5,052	9,518
Other payables	<u>16,762</u>	<u>62,229</u>
	<u>21,814</u>	<u>71,747</u>

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.

	<b>30.6.2019</b> <i>RMB'000</i>	31.12.2018 <i>RMB'000</i>
0 – 60 days	4,136	1,895
61 – 120 days	135	3,296
Over 120 days	<u>781</u>	<u>4,327</u>
	<u>5,052</u>	<u>9,518</u>

## 12. BANK BORROWING

	<b>30.6.2019</b>	31.12.2018
	<b>RMB'000</b>	RMB'000
Bank loan, repayable more than two years, but not exceeding five years* and shown under non-current liabilities	<u><b>347,278</b></u>	<u>348,624</u>

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

As at 30th June, 2019, bank loan amounting RMB347,278,000 (31st December, 2018: RMB348,624,000) is guaranteed by Yue Da Capital Co., Limited, an intermediate holding company of the Company.

During the six months ended 30th June, 2018, the Group obtained new bank loan amounting EUR44,426,000 (approximately RMB331,343,000).

The range of effective interest rate (which are also equal to contracted interest rate) on the Group's borrowing is 1.39% (31st December, 2018: 1.39%) per annum.

## 13. DISPOSAL OF SUBSIDIARIES

On 20th March, 2019, the Company, entered into a sale and purchase agreement with YDHK pursuant to which the Company has agreed to sell and YDHK has conditionally agreed to acquire the 100% equity interest in YDM. The total consideration for the disposal is US\$5.6 million (equivalent to approximately RMB38.40 million). The principal asset of the Deposits (as detailed in Note 10). The disposal was completed during the current interim period.

The following are the net assets disposed of on the date of completion:

	<i>RMB'000</i>
Net assets disposed of:	
Trade and other receivables	39,604
Cash and cash equivalents	247
Amounts due to group entities	<u>(2,232)</u>
	37,619
Gain on disposal	<u>87</u>
Total consideration	<u><u>37,706</u></u>
Satisfied by:	
Amount due to a related company	<u>37,706</u>
Net cash outflow arising on disposal:	
Bank balances and cash disposal of	<u><u>(247)</u></u>

During the period between 1st January, 2019 and the date of disposal, YDM and its subsidiaries contributed no material profit or loss to the Group's results. YDM and its subsidiaries did not have material effect on the Group's cash flow during the current interim period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL PERFORMANCE

The mining operations and the new factoring business of Group recorded an operating revenue of RMB16,972,000 and RMB25,580,000 respectively for the six months ended 30th June 2019 (the “**Period**”), the mining operations and factoring business revenues decreased and increased by approximately 48.6% and 57.5% when compared with RMB33,046,000 and RMB16,245,000 respectively in 2018. The profit and total comprehensive income attributable to the owners of the Company for the Period was RMB3,924,000 (corresponding period of last year: loss of RMB17,378,000) and basic earnings per share was RMB0.34 cents (corresponding period of last year: loss of RMB1.49 cents).

During the Period, the Company continued its business transformation by trying to dispose the remaining mining operation of Baoshan. On 23rd July 2019, a Sales and Purchase agreement in respect of the entire share capital of Yuelong Limited (“**Yuelong**”) was made between the Company as the seller and Yue Da Group (H.K.) Co., Ltd (“**YDHK**”) as the purchaser. Upon the approval by independent shareholders in the upcoming extraordinary general meeting, the Baoshan mining operation which was the major assets of Yuelong, will be discontinued in the Group.

### 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 (“**Factoring Operations**”).

### MINING OPERATIONS

During the Period, the Mining Operations realized an operating revenue of RMB16,972,000 (corresponding period of last year: RMB33,046,000) with a segment loss of RMB3,174,000 (corresponding period of last year: Segment profit RMB128,000). The ores extracted during the Period amounted to 28,604 tons, representing a decrease of 26.7% over 39,000 tons in the corresponding period of last year, with a unit mining cost (excluding gold ores) of approximately RMB336 per ton (corresponding period of last year: RMB211 per ton) and a unit processing cost (excluding gold ores) of approximately RMB186 per ton (corresponding period of last year: RMB139 per ton).

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 lower than the corresponding period of last year. Besides, production level also dropped because additional run-in time was required for a new mine to attain normal capacity. As a result, operating revenue from mining operation decreased by 48.6% from corresponding period of last year.

## Performance

The table below sets out the Mining Operations by products for the six-months periods ended 30th June 2019 and 2018:

	Processing Volume			Average price (net of tax)		
	2019	2018	% Change	2019	2018	% Change
Zinc ore concentrates (in metric tons)	516	964	-46.47	12,685	15,164	-16.35
Lead ore concentrates (including silver) (in metric tons)	55	136	-59.56	12,930	14,672	-11.87
Copper ore concentrate (in metric tons)	<u>13</u>	<u>32</u>	<u>-59.38</u>	<u>30,963</u>	<u>37,264</u>	<u>-16.91</u>

## 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.

## FACTORING OPERATIONS

During the Period, the Factoring Operations recorded an operating revenue of RMB25,580,000 (corresponding period of last year: RMB16,245,000) with a segment profit of RMB21,526,000 (corresponding period of last year: RMB13,414,000). Loans with total principal amount of RMB555,000,000 was granted as at 30 June 2019 (31st December 2018: RMB633,000,000), and recorded interest income and administration fee income of RMB18,488,000 (corresponding period of last year: RMB8,223,000) and RMB7,092,000 (corresponding period of last year: RMB8,022,000) respectively during the Period.

## IMPORTANT EVENTS DURING THE PERIOD

### Investment in Vietnam

As at 30th June, 2019, all outstanding receivables in Vietnam by the Group are nil.

On 11th December 2018, Yue Da Mining Limited (“YDM”) and Daiichi Kigenso Kagaku Kogyo Co Limited (“Daiichi”) entered into a loan assignment agreement (“Loan Assignment”). Pursuant to the Loan Assignment, YDM has conditionally agreed to transfer and Daiichi has conditionally agreed to accept to the rights, title, interest and benefits in and to the Loan with a consideration of US\$4.8 million. On 31st January, 2019, all conditions as stated in the Loan Assignment was fully fulfilled and the Loan was fully settled.

On 20th March, 2019, the Company, as the seller, and YDHK, as the purchaser, entered into a Sales and Purchase Agreement (“S&P Agreement”) to transfer the entire share capital of YDM at a consideration of US\$5,600,000. The Sao Mai deposits form the major part of the assets of YDM. The transaction was completed upon passing the resolutions in the Extraordinary General Meeting on 20th May, 2019. As a result, the Sao Mai deposits was disposed by the Group under the S&P Agreement.

## **PROSPECTS**

The Company has reached an agreement with YDHK to dispose the Baoshan Feilong mining business on 23rd July, 2019. Upon passing the resolutions in the upcoming Extraordinary General Meeting, the Group will completely cease the mining business and complete the business transformation.

Looking forward to the second half of 2019, the Group will focus on the factoring business in the future. We will actively expand the customer base and will explore business opportunities in the area of consumer finance in the telecommunication industry. The Directors endeavor to seek more 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, 2019, the Group’s current assets were RMB784,453,000 (31st December, 2018: RMB896,826,000), of which RMB201,118,000 (31st December, 2018: RMB162,563,000) were bank balances and cash on hand. As at 30th June, 2019, the net asset value of the Group amounted to RMB340,761,000, representing an increase of approximately 1.16% as compared to RMB336,837,000 at 31st December, 2018. The gearing ratio (total liabilities/total assets) of the Group was approximately 67.5% (31st December, 2018: 71.1%).

As at 30th June, 2019, the share capital of the Company was RMB105,965,000 (31st December, 2018: RMB105,965,000). The Group’s reserve were RMB234,796,000 (31st December, 2018: RMB230,872,000). As at 30th June, 2019, the Group had total current liabilities of RMB310,807,000 (31st December, 2018: RMB427,906,000), mainly comprising trade and other payables and amount due to related companies. The total non-current liabilities of the Group amounted to RMB398,388,000 (31st December, 2018: RMB399,092,000), 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 and amounts due to directors 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 net exchange gains amounting to RMB2,550,000 during the Period mainly due to appreciation of Renminbi which decrease the value in RMB of 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, 2019, the Group did not have any guarantees and charges nor any other material contingent liabilities (31st December, 2018: nil).

## **EMPLOYEE AND REMUNERATION POLICY**

As at 30th June, 2019, 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) Mr. Li Biao, being a non-executive Director was not able to attend the annual general meeting of the Company held on 20th May, 2019 (the “**2018 AGM**”) and the extraordinary general meeting of the Company held on 20th May 2019 (the “**EGM**”) due to his other business commitments. Nevertheless, this Director has passed his opinion to the chairman of the 2018 AGM and the EGM before its commencement; and (ii) 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. Liu Debing (an executive Director and Vice Chairman of the Board) 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 1st August, 2019, 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. Liu Debing (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. Tang Rujun (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, 2019 will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.yueda.com.hk](http://www.yueda.com.hk) in due course.

By order of the Board

**Yue Da International Holdings Limited**

**Tang Rujun**

*Non-executive Director and Chairman of the Board*

Hong Kong, 1st August, 2019

*As at the date of this announcement, the Board comprises the following members: (a) as non-executive Directors, Mr. Tang Rujun and Mr. Li Biao; (b) as executive Directors, Mr. Liu Debing, 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.*