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## YUE DA INTERNATIONAL HOLDINGS LIMITED

### 悅達國際控股有限公司

(formerly known as Yue Da Mining Holdings Limited 悅達礦業控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 629)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2018

### ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Yue Da International 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, 2018 (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, 2018

	NOTES	2018 RMB'000	2017 RMB'000
Revenue	3		
Goods and services		54,981	78,444
Interest		32,448	1,033
		<u>87,429</u>	<u>79,477</u>
Cost relating to inventories sold		(27,113)	(39,675)
Cost relating to services rendered		(9,486)	(2,264)
Other income		1,537	7,879
Other gains and (losses), net	4	(35,808)	58,840
Impairment losses on assets	5	–	(137,109)
Administrative expenses		(45,186)	(47,630)
Finance costs	6	(15,588)	(12,391)
		<u>(44,215)</u>	<u>(92,873)</u>
Income tax (expense) credit	7	(3,220)	33,940
		<u>(47,435)</u>	<u>(58,933)</u>
Loss and total comprehensive expense for the year	8	<u>(47,435)</u>	<u>(58,933)</u>

	<i>NOTE</i>	<b>2018</b> <b>RMB'000</b>	2017 <i>RMB'000</i>
Loss and total comprehensive expense for the year attributable to			
Owners of the Company		<b>(46,515)</b>	(25,736)
Non-controlling interests		<b>(920)</b>	(33,197)
		<u><b>(47,435)</b></u>	<u>(58,933)</u>
Loss per share	<i>9</i>		
– Basic		<u><b>RMB(3.98) cents</b></u>	<u>RMB(2.20) cents</u>
– Diluted		<u><b>RMB(3.98) cents</b></u>	<u>RMB(2.20) cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2018

	<i>NOTES</i>	<b>2018</b> <i>RMB'000</i>	2017 <i>RMB'000</i>
<b>Non-current Assets</b>			
Property, plant and equipment		<b>44,472</b>	56,016
Prepaid lease payments		<b>5,566</b>	5,787
Mining rights		<b>208,209</b>	365,102
Goodwill		–	–
Long term deposits		<b>8,115</b>	16,600
Other receivables	<i>11</i>	–	18,807
Deferred tax assets		<b>647</b>	–
		<hr/> <b>267,009</b>	<hr/> 462,312
<b>Current Assets</b>			
Prepaid lease payments		<b>221</b>	221
Inventories		<b>18,042</b>	14,925
Trade and other receivables	<i>11</i>	<b>709,565</b>	171,568
Amounts due from related companies		<b>6,100</b>	200
Tax receivable		<b>335</b>	–
Cash and cash equivalents		<b>162,563</b>	506,240
		<hr/> <b>896,826</b>	<hr/> 693,154
<b>Current Liabilities</b>			
Trade and other payables	<i>12</i>	<b>71,747</b>	50,760
Contract liabilities		<b>13,927</b>	–
Amounts due to related companies		<b>188,269</b>	460,252
Amounts due to directors		<b>329</b>	320
Corporate bonds		<b>147,304</b>	–
Taxation payable		<b>6,330</b>	6,118
		<hr/> <b>427,906</b>	<hr/> 517,450
Net Current Assets		<hr/> <b>468,920</b>	<hr/> 175,704
Total Assets Less Current Liabilities		<hr/> <b>735,929</b>	<hr/> 638,016

	<b>2018</b> <i>RMB'000</i>	2017 <i>RMB'000</i>
Capital and Reserves		
Share capital	<b>105,965</b>	105,965
Reserves	<b>230,872</b>	279,288
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>336,837</b>	385,253
Non-controlling interests	–	28,870
	<hr/>	<hr/>
Total equity	<b>336,837</b>	414,123
	<hr/>	<hr/>
Non-current Liabilities		
Corporate bonds	–	138,003
Bank borrowing	<b>348,624</b>	–
Provisions	<b>1,911</b>	2,324
Deferred tax liabilities	<b>48,557</b>	83,566
	<hr/>	<hr/>
	<b>399,092</b>	223,893
	<hr/>	<hr/>
	<b>735,929</b>	638,016
	<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:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)– Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

## 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

#### A. For the year ended 31st December, 2018

*Disaggregation of revenue from contracts with customers*

	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	39,841	–
Sale of gold and stone for construction from gold mine	2,519	–
Management fee from accounts receivable management and collection services	–	10,522
Factoring consultancy services	–	2,099
	<hr/>	<hr/>
Total	<b>42,360</b>	<b>12,621</b>
	<hr/> <hr/>	<hr/> <hr/>

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	42,360	45,069
Less: Interest income	–	(32,448)
	<hr/>	<hr/>
Revenue from contracts with customers	<b>42,360</b>	<b>12,621</b>
	<hr/> <hr/>	<hr/> <hr/>

#### B. For the year ended 31st December, 2017

An analysis of the Group's revenue for the year ended is as follows:

	2017 <i>RMB'000</i>
Sale of zinc, lead and copper ore concentrates	64,838
Sale of iron ore concentrates	361
Sale of gold and stone for construction from gold mine	7,699
Interest income from factoring services	1,033
Consultancy services	4,854
Other services	692
	<hr/>
	<b>79,477</b>
	<hr/> <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 15th 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, 2018

	<b>Mining Operations RMB'000</b>	<b>Factoring Related Business RMB'000</b>	<b>Consolidated RMB'000</b>
SEGMENT REVENUE			
External sales	<u>42,360</u>	<u>45,069</u>	<u>87,429</u>
SEGMENT RESULTS			
Segment (loss) profit	<u>(5,521)</u>	<u>32,996</u>	<u>27,475</u>
Other income			1,537
Other gains and losses			
– Gain on disposal of property, plant and equipment			46
– Gain arising from subsidiary disposed			3,701
– Reversal of impairment loss allowance for financial assets, net			2,845
– Net foreign exchange loss			(39,813)
Central administration costs			(24,418)
Finance costs			<u>(15,588)</u>
Loss before tax			<u>(44,215)</u>

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>
<b>SEGMENT REVENUE</b>			
External sales	<u>72,898</u>	<u>6,579</u>	<u>79,477</u>
<b>SEGMENT RESULTS</b>			
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 loss allowance for financial assets, net			(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>

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.

#### ***Other segment information***

Amounts included in the measurement of segment (loss) profit:

#### **For the year ended 31st December, 2018**

	Mining Operations <i>RMB'000</i>	Factoring Related Business <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Depreciation and amortisation	9,013	132	15	9,150
Reversal of impairment loss allowance for financial assets, net	<u>–</u>	<u>2,587</u>	<u>(2,845)</u>	<u>(258)</u>



For the year ended 31st December, 2017

	Mining Operations <i>RMB'000</i>	Factoring Related Business <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Depreciation and amortisation	10,078	514	–	10,592
Impairment losses of assets	137,109	–	–	137,109

### ***Geographical information***

All of external revenues of the Group in both years are attributable to customers established in the PRC, the place of domicile of the Group's major operating entities. More than 99% (2017: 99%) of the Group's non-current assets excluding other financial assets are located in the PRC.

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

	<b>2018</b> <b><i>RMB'000</i></b>	2017 <i>RMB'000</i>
Gain on disposal of property, plant and equipment	46	2,506
Gain on the disposals of subsidiaries	3,701	51,541
Reversal of impairment loss allowance (impairment loss allowance) for financial assets, net	258	(1,350)
Net foreign exchange (loss) gain	<b>(39,813)</b>	6,143
	<b><u>(35,808)</u></b>	<u>58,840</u>

#### **5. IMPAIRMENT LOSSES ON ASSETS**

	<b>2018</b> <b><i>RMB'000</i></b>	2017 <i>RMB'000</i>
Impairment losses on:		
– property, plant and equipment	–	17,398
– mining rights	–	117,592
– goodwill	–	2,119
	<b><u>–</u></b>	<u>137,109</u>

## 6. FINANCE COSTS

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Interest on bank borrowing wholly repayable within five years	3,502	–
Interest on corporate bonds	11,076	11,389
Imputed interest on provisions	–	17
Interest on loan from related companies	1,010	985
	<u>15,588</u>	<u>12,391</u>

## 7. INCOME TAX EXPENSE/(CREDIT)

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Current tax		
– PRC Enterprise Income tax	4,086	2,110
– Underprovision in prior years	212	–
–Withholding tax paid in respect of distribution of earning of a PRC subsidiary	–	1,400
	<u>4,298</u>	<u>3,510</u>
Deferred tax	(1,078)	(37,450)
	<u>3,220</u>	<u>(33,940)</u>

## 8. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Loss and total comprehensive expense for the year has been arrived at after charging (crediting) the following items:		
Amortisation of mining rights (including in cost relating to inventories sold)	3,328	3,880
Depreciation of property, plant and equipment	5,601	6,343
Release of prepaid lease payments	221	369
Auditors' remuneration	2,789	2,544
Employee benefit expenses	35,528	31,057
Interest income from bank deposits	(721)	(299)
Imputed interest income on impaired other receivables	–	(4,739)
	<u>–</u>	<u>(4,739)</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:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
<b>Loss</b>		
Loss for the year attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	<u>(46,515)</u>	<u>(25,736)</u>
<b>Number of shares</b>	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>1,168,626,516</u>	<u>1,168,626,516</u>

The computation of the diluted loss per share for the year ended 31st December, 2018 and 2017 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. TRADE AND OTHER RECEIVABLES

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
<b>Current</b>		
Trade receivables	–	4,618
Factoring receivables	630,413	57,024
Advance payments to suppliers	2,520	500
Deferred consideration receivable	–	50,660
Deposits paid for investments	38,202	39,725
Loan receivable	32,637	15,545
Other receivables and prepayments	<u>5,793</u>	<u>3,496</u>
	<u>709,565</u>	<u>171,568</u>
<b>Non-current</b>		
Loan receivable	<u>–</u>	<u>18,807</u>
	<u>709,565</u>	<u>190,375</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:

	<b>2018</b> <i>RMB'000</i>	2017 <i>RMB'000</i>
0 – 60 days	–	3,485
Over 180 days	–	1,133
	<u>–</u>	<u>4,618</u>

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.

## 12. TRADE AND OTHER PAYABLES

	<b>2018</b> <i>RMB'000</i>	2017 <i>RMB'000</i>
Trade payables	<b>9,518</b>	7,042
Other advance payments from customers	<b>4,672</b>	13,455
Accrued staff costs	<b>7,095</b>	7,219
Other tax payables	–	4,274
Consideration received for assignment of loan receivable	<b>32,943</b>	–
Other payables and accrued charges	<b>17,519</b>	18,770
	<u><b>71,747</b></u>	<u>50,760</u>

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

	<b>2018</b> <i>RMB'000</i>	2017 <i>RMB'000</i>
0 – 60 days	<b>1,895</b>	5,294
61 – 120 days	<b>3,296</b>	970
over 120 days	<b>4,327</b>	778
	<u><b>9,518</b></u>	<u>7,042</u>

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 factoring business of Group recorded an operating revenue of RMB42,360,000 and RMB45,069,000 respectively for the Year, the mining operations revenue decreased by approximately 41.9% while the factoring operations revenue increased by approximately 585.0% when compared with that in 2017. During the Year, the Company disposed of the discontinued Mining operation in Tong Ling Guan Hua to YDHK successfully with gains arising from subsidiaries disposed of RMB3,701,000. The audited loss and total comprehensive expenses attributable to the owners of the Company increased from RMB25,736,000 in 2017 to RMB46,515,000 for the Year and basic loss per share amounted to RMB3.98 cents for the Year.

## **DIVIDENDS**

The Board did not recommend the payment of any dividend for the Year (2017: nil).

## **BUSINESS REVIEW**

### **Overview**

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

### **Mining Operations**

During the Year, the Mining Operations totally contributed by Baoshan and recorded an operating revenue of RMB42,360,000 (2017: RMB72,898,000). The ores extracted during the Year amounted to 86,208 tons (2017: 101,186 tons) with a unit mining cost of approximately RMB217.67 per ton (2017: RMB136.9 per ton) and unit processing cost of approximately RMB131.3 per ton (2017: RMB140.4 per ton). Production volume in Mining Operations dropped during the Year, As the major part of mining cost is fixed in nature, average costs during the Year increased accordingly. In addition, additional mining costs were incurred for fulfilling the requirements of environmental protection as required by applicable laws, rules and regulations.

### ***Under Normal Operation***

Baoshan Feilong Nonferrous Metal Co., Ltd. (“**Baoshan Feilong**”), a subsidiary of the Company, has further strengthened its efforts in exploration activities and made a smooth progress as planned. Major products include zinc ore concentrates, lead ore concentrates and copper ore concentrates. During the Year, production level was lower as a result of additional run-in time required for a new mine to attain normal capacity, therefore, the overall revenue recorded a decrease over last year.

## ***Under Suspension***

Tong Ling Guan Hua Mining Company Limited (“**Tong Ling Guan Hua**”), a subsidiary of the Company, conducts mining operations in Tongling City, Anhui Province of the PRC. Major products include gold and stone for construction. The Group had successfully disposed of Tong Ling Guan Hua to Yue Da Group (H.K.) Co., Limited (the “**YDHK**”), an immediate holding company of the Company by entering into a share purchase agreement at a consideration of RMB140 million. The transaction was completed on 20th July, 2018 after passing the ordinary resolution at an extraordinary general meeting. A gain of disposal of approximately RMB3,701,000 was recorded during the Year.

The table below sets out the Mining Operations by products for the two years ended 31st December, 2018 and 2017:

	Processing Volume			Average price (net of tax)		
	2018	2017	% change	2018	2017	% change
Zinc ore concentrates (in metric tons)	<b>2,326.85</b>	3,223.37	-27.81	<b>13,926.48</b>	15,170.15	-8.20
Lead ore concentrates (including silver) (in metric tons)	<b>288.88</b>	627.57	-53.97	<b>14,718.89</b>	13,566.43	+8.49
Copper ore concentrates (in metric tons)	<b>66.97</b>	106.16	-36.92	<b>34,377.00</b>	32,002.25	+7.42
Gold (in grams)	-	26,287.97	-100.00	<b>273.15</b>	275.10	-0.71
Stone for construction (in tons)	-	60,709.32	-100.00	<b>47.56</b>	23.63	+101.27

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

Name of subsidiaries	Products	Revenue RMB'000	Proportion of the Group %
Baoshan Feilong	Lead, zinc and copper ore concentrates	39,841	94.06
Tong Ling Guan Hua (disposed on 28th May, 2018)	Gold and stone for construction	2,519	5.94
		42,360	100

## **Factoring business**

During the Year, the factoring business recorded an operating revenue of RMB45,069,000 (2017: RMB6,579,000). Loans with total principal amount of RMB633,000,000 was granted as at 31st December 2018, and recorded interest income and fee income of RMB32,448,000 and RMB10,522,000 respectively. In addition, consultancy services were provided during the year, and recorded service fee income of RMB2,099,000.

## 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 31st 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 (“**Deed of Share Charge**”) charging the entire issued share capital of the BVI Subsidiary (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, 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 (“**Deed of Assignment**”). According to the 2017 Loan Settlement Agreement, the Deed of Share Charge and Deed of Assignment should be completed within 90 days. All parties agreed to extend the completion date to 30th June, 2018 on 20th March, 2018.

On 11th December, 2018, 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. The consideration was settled before 31st December, 2018.

On 31st January, 2019, all conditions as stated in the Loan Assignment was fulfilled and the Loan was fully settled.

As at 31st December, 2018, the net carrying amount of the loan owed by Mineral Land was US\$4,755,000.

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, 22nd December, 2017, 11th December, 2018 and 31st January, 2019 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. On 31th October, 2018, YDM issued a writ of summons in the High Court of the Hong Kong Special Administrative Region (the “**Hight Court**”) against the Vendor in order to safeguard the legitimate rights and interests. On 7th December 2018, the High Court made the final judgement in favour of YDM. YDM is consulting with the legal advisors in Vietnam in order to enforce the judgement.

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. As the S&P Agreement constitute a discloseable and connected transaction, the completion of the transaction will be subject to the Poll results of the Extraordinary General Meeting. As at 31st December, 2018, the net carrying amount of Sao Mai deposits are US\$5,566,000.

Please refer to the announcements of the Company dated 5th September, 2013, 30th June, 2014, 24th December, 2014, 20th March, 2017, 8th June, 2017, 31st October, 2018 and 20th March, 2019 for details of the above transactions.

## **Prospects**

Looking forward to 2019, the environment for the mining business is still uncertain and the Group has shifted its business focus to factoring business, 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 14th May, 2019 to 17th May, 2019, 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 20th May, 2019, 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 10th May, 2019.

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, 2018, the Group’s current assets were RMB896,826,000 (2017: RMB693,154,000), of which RMB162,563,000 (2017: RMB506,240,000) were bank balances and cash. As at 31st December, 2018, the net asset value of the Group amounted to RMB336,837,000, representing a decrease of approximately 18.7% as compared to RMB414,123,000 in 2017. The gearing ratio (total liabilities/total assets) of the Group was approximately 71.1% (2017: 64.2%).

### **Borrowings**

As at 31st December, 2018, bank borrowings and corporate bonds amounted to RMB348,624,000 (2017: Nil) and RMB147,304,000 (2017: RMB138,003,000), respectively. Bank borrowings are denominated in Euro, charging at floating rates and repayable in 2021. 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, Hong Kong dollars, US dollars and Euro. 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, 2018 and 31st December, 2017, the Group did not have any guarantees and charges nor any other material contingent liabilities.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 31st December, 2018, the Group had a total of approximately 313 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 18th May, 2018 (the “**2017 AGM**”) and the extraordinary general meeting of the Company held on 20th July, 2018 (the “**July EGM**”) and 20th November, 2018 (the “**November EGM**”) 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 2017 AGM, July EGM and November EGM; (ii) Mr. Qi Guangya, being a non-executive Director, was not able to attend the 2017 AGM, July EGM and November EGM, (deviated from code provision A.6.7) due to his other business commitments; (iii) Mr. Cheung Ting Kee and Dr. Liu Yong Ping, being independent non-executive Directors, were not able to attend the 2017 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 2017 AGM, July EGM and November EGM before its commencement; and (iii) the non-executive Directors are not appointed for a specific term (deviated from code provision A.4.1). However, all non-executive Directors are subject to retirement and rotation once every three years in accordance with the Company’s Articles of Association.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by 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, 2019, 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 Shuming (Chairman of the Remuneration Committee, an independent non-executive Director), Dr. Liu Yongping (an independent non-executive Director) and Mr. Wen Songmao (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 Lianchun (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 2018 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](http://www.hkex.com.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**

**Wang Lianchun**

*Non-Executive Director and Chairman of the Board*

Hong Kong, 20th March, 2019

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