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YUE DA MINING HOLDINGS LIMITED

悦達礦業控股有限公司

(incorporated in the Cayman Islands with limited liability)

(stock code: 629)

CONTINUING CONNECTED TRANSACTION IN RELATION TO TENANCY AGREEMENT FOR OFFICE PREMISES

Reference is made to the announcement of the Company dated 27 August 2007 in relation to the 2007 STC Tenancy Agreement entered into by the Company as tenant and Yue Da HK as landlord for the leasing of the Shun Tak Centre Office for a three-year term commencing from 1 September 2007 and up to 31 August 2010.

As the 2007 STC Tenancy Agreement will expire on 31 August 2010, the Company as tenant and Yue Da HK as landlord on 27 August 2010 entered into the 2010 STC Tenancy Agreement for the leasing of the Shun Tak Centre Office for another three-year term commencing from 1 September 2010.

The Company has previously entered into the Paterson Building Tenancy Agreement and the Victoria Centre Tenancy Agreement both dated 1 January 2010. Pursuant to Rule 14A.26(1) of the Listing Rules, the transactions contemplated under the 2007 STC Tenancy Agreement (and upon its expiry on 31 August 2010, the 2010 STC Tenancy Agreement), the Victoria Centre Tenancy Agreement and the Paterson Building Tenancy Agreement have to be aggregated and treated as if they were one transaction. Upon such aggregation, the Percentage Ratios of the aggregate rental payable by the Company under the aforesaid agreements for each of the three financial years ending 31 December 2012, on an annual basis, do not exceed 5%. Accordingly, the 2010 STC Tenancy Agreement (after such aggregation) is only subject to announcement and reporting requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 27 August 2007 in relation to the 2007 STC Tenancy Agreement entered into by the Company as tenant and Yue Da HK as landlord for the leasing of the Shun Tak Centre Office for a three-year term commencing from 1 September 2007 and up to 31 August 2010.

As the 2007 STC Tenancy Agreement will expire on 31 August 2010, the Company and Yue Da HK entered into the 2010 STC Tenancy Agreement on 27 August 2010 for the leasing of the Shun Tak Centre Office for another three-year term commencing from 1 September 2010. The principal terms of the 2010 STC Tenancy Agreement are set out below.

The 2010 STC Tenancy Agreement

- Date:** 27 August 2010
- Parties:** (1) The Company as tenant; and
(2) Yue Da HK as landlord
- Lease:** Pursuant to the 2010 STC Tenancy Agreement, Yue Da HK has agreed to lease the Shun Tak Centre Office to the Company
- Property:** The Shun Tak Centre Office, the gross floor area of which is approximately 504 square metre
- Term:** From 1 September 2010 to 31 August 2013 (both dates inclusive)
- Rental and payment term:** A rental of HK\$200,000 per month (excluding rates, management fees and utility charges), i.e. an annual rental of HK\$2,400,000. The rental has to be paid on a monthly basis and is payable on the first day of each and every month without any deduction.

The above rental payable by the Company to Yue Da HK under the 2010 STC Tenancy Agreement was arrived at after arm's length negotiation between the parties and determined by reference to the current market rent payable for a property similar to the Shun Tak Centre Office and of comparable utility. The Directors, including the independent non-executive Directors, are of the view that the annual rental mentioned above is fair, reasonable and in line with the market level.

- Other terms:** If the Company has throughout the term of the 2010 STC Tenancy Agreement observed and performed all the terms and covenants on its part, it shall have an option to renew for another three years by serving a written notice to Yue Da HK not less than two months before the expiry of the term. The tenancy agreement so renewed shall have the same terms as contained in the 2010 STC Tenancy Agreement save and except such option to renew and that the rental shall be revised to the then market rent.

Yue Da HK agrees to pay the government rent, property tax and all expenses of a capital or non-recurrent nature in respect of the Shun Tak Centre Office.

Information on the Group and Yue Da HK

The Company is an investment holding company. The principal business activities of its subsidiaries are exploration, mining, processing and sale of zinc, lead, iron and gold ore, and the management and operation of a toll highway. Yue Da HK, being the Company's

immediate holding company, is incorporated in Hong Kong and is ultimately wholly-owned by Jiangsu Yue Da, a State-owned enterprise established in the PRC. The principal business activities of Yue Da HK include investment holding and trading of marketable securities. Yue Da HK is the registered owner of the Shun Tak Centre Office.

Reasons for entering into the 2010 STC Tenancy Agreement

Since the commencement of the 2007 STC Tenancy Agreement on 1 September 2007, Shun Tak Centre Office has been used by the Company as its principal place of business in Hong Kong. Having regard to the prime location of Shun Tak Centre Office, the rentals of comparable office premises, and the renovation and associated costs which the Company may incur if it moves out of the Shun Tak Centre Office upon the expiry of the 2007 STC Tenancy Agreement, the Directors consider that it is desirable and in the interest of the Company to continue using Shun Tak Centre Office as its principal place of business in Hong Kong.

The 2010 CCT is and will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms. The Directors, including the independent non-executive Directors, are of the view that the 2010 CCT is on normal commercial terms and the terms of the 2010 CCT (including the consideration, i.e. the rental mentioned above) are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

Connected relationship and Listing Rules requirements for the 2010 CCT

As at the date of this announcement, the Company is owned as to 36.92% by Yue Da HK. Yue Da HK is a controlling shareholder of the Company and thus a connected person of the Company pursuant to Rule 14A.11(1) of the Listing Rules. The 2010 CCT therefore constitutes continuing connected transaction for the Company and the 2010 CCT by itself would be subject to announcement and reporting requirements under Chapter 14A of the Listing Rules.

Further, the Company has previously entered into the (1) Victoria Centre Tenancy Agreement dated 1 January 2010 with Yue Da HK and the (2) Paterson Building Tenancy Agreement dated 1 January 2010 with Yue Da Enterprise. Under the Victoria Centre Tenancy Agreement, the subject property has been leased by Yue Da HK to the Company as its staff quarter for a three-year term commencing from 1 January 2010 and up to 31 December 2012 at a monthly rental of HK\$25,000. Under the Paterson Building Tenancy Agreement, the subject property has been leased by Yue Da Enterprise to the Company also as its staff quarter for a three-year term commencing from 1 January 2010 and up to 31 December 2012 at a monthly rental of HK\$20,000. Yue Da Enterprise is also wholly-owned by Jiangsu Yue Da and is therefore a fellow subsidiary and an associate of Yue Da HK. The transactions contemplated under the aforesaid two tenancy agreements, when aggregated, fall within the *de minimis* transactions under Rule 14A.33(3) of the Listing Rules and were accordingly exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.26(1) of the Listing Rules, the transactions contemplated under the 2007 STC Tenancy Agreement (and upon its expiry on 31 August 2010, the 2010 STC Tenancy Agreement) entered into by the Company with Yue Da HK, the Victoria Centre Tenancy Agreement and the Paterson Building Tenancy Agreement have to be aggregated and treated as if they were one transaction. Upon such aggregation, the Percentage Ratios of the aggregate rental payable by the Company under the aforesaid agreements for each of the three financial years ending 31 December 2012, on an annual basis, do not exceed 5%. Accordingly, the 2010

STC Tenancy Agreement (after such aggregation) is only subject to announcement and reporting requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Messrs Liu Xiaogang (an executive Director of the Company and a director of Yue Da HK), Chen Yunhua (a non-executive Director of the Company, a director of Yue Da HK and the chairman of the board of Jiangsu Yue Da) and Qi Quangya (a non-executive Director of the Company and a director of Jiangsu Yue Da) abstained from voting on the relevant resolutions approving the 2010 STC Tenancy Agreement in the meeting of the Board.

Annual Caps

The following table sets out the aggregated annual amount of the rentals payable by the Company to Yue Da HK and Yue Da Enterprise under the tenancy agreements mentioned above for the three financial years ending 31 December 2012:

	Year ending 31 December		
	2010	2011	2012
	(HK\$)	(HK\$)	(HK\$)
Rentals payable under the 2007 STC Tenancy Agreement and, upon its expiry on 31 August 2010, the 2010 STC Tenancy Agreement	2,400,000	2,400,000	2,400,000
Rentals payable under the Paterson Building Tenancy Agreement	240,000	240,000	240,000
Rentals payable under the Victoria Centre Tenancy Agreement	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Aggregate amount of rentals payable	<u><u>2,940,000</u></u>	<u><u>2,940,000</u></u>	<u><u>2,940,000</u></u>

The Annual Caps are determined in accordance with the rentals payable to Yue Da HK and Yue Da Enterprise under the Paterson Building Tenancy Agreement, the Victoria Centre Tenancy Agreement and the 2007 STC Tenancy Agreement (and upon its expiry on 31 August 2010, the 2010 STC Tenancy Agreement). The Directors, including the independent non-executive Directors, are of the view that the Annual Caps are fair and reasonable.

DEFINITIONS

In this announcement, the following expressions shall have the meaning set out below unless the context requires otherwise:

“2007 STC Tenancy Agreement”	the agreement dated 24 August 2007 entered into between the Company (as tenant) and Yue Da HK (as landlord) in relation to the leasing of the Shun Tak Centre Office for a three-year term commencing from 1 September 2007 and up to 31 August 2010
“2010 CCT”	the transaction contemplated under the 2010 STC Tenancy Agreement
“2010 STC Tenancy Agreement”	the agreement dated 27 August 2010 entered into between the Company (as tenant) and Yue Da HK (as landlord) in relation to the leasing of the Shun Tak Centre Office for a three-year term commencing from 1 September 2010 and up to 31 August 2013
“Annual Caps”	the expected maximum amount of the transactions contemplated under the 2007 STC Tenancy Agreement (and upon its expiry on 31 August 2010, the 2010 STC Tenancy Agreement), the Victoria Centre Tenancy Agreement and the Paterson Building Tenancy Agreement for the three financial years ending 31 December 2012 as set out in the paragraph headed “Annual Caps” in this announcement
“associate(s)”	have the same meaning ascribed to it under Chapters 1 and 14A of the Listing Rules
“Board”	the Board of Directors
“Company”	Yue Da Mining Holdings Limited 悦達礦業控股有限公司, an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Jiangsu Yue Da”	江蘇悦達集團有限公司 (Jiangsu Yue Da Group Company Limited), a State-owned enterprise established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Paterson Building Tenancy Agreement”	the tenancy agreement dated 1 January 2010 entered into between the Company (as tenant) and Yue Da Enterprise (as landlord) for the leasing of the subject property as the Company’s staff quarter for a three-year term commencing from 1 January 2010 at a monthly rental of HK\$20,000
“Percentage Ratios”	the percentage ratios, other than the profits ratio and equity capital ratio, under Rule 14.07 of the Listing Rules as calculated on an annual basis
“PRC” or “China”	the People’s Republic of China

“Shun Tak Centre Office”	Office nos. 3321, 3322, 3323 and 3325 on 33rd Floor, China Merchants Tower, Shun Tak Centre, Nos. 168–200 Connaught Road Central, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Victoria Centre Tenancy Agreement”	the tenancy agreement dated 1 January 2010 entered into between the Company (as tenant) and Yue Da HK (as landlord) for the leasing of the subject property as the Company’s staff quarter for a three-year term commencing from 1 January 2010 at a monthly rental of HK\$25,000
“Yue Da Enterprise”	Yue Da Enterprise Group (H.K.) Company Limited (悦達實業集團(香港)有限公司)
“Yue Da HK”	Yue Da Group (H.K.) Co., Limited (悦達集團(香港)有限公司)

By order of the Board
Yue Da Mining Holdings Limited
Chen Yunhua
Chairman

Hong Kong, 27 August 2010

As at the date of this announcement, the Board comprises the following members: (a) as executive Directors, Mr Dong Li Yong and Mr Liu Xiaoguang; (b) as non-executive Directors, Mr Chen Yunhua and Mr Qi Guang Ya; and (c) as independent non-executive Directors, Ms Leung Mei Han, Mr Cui Shu Ming, Mr Han Run Sheng and Dr Liu Yongping.