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If you are in any doubt about any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Yue Da Mining Holdings Limited (“**Company**”), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is addressed to the shareholders of the Company in connection with an extraordinary general meeting (“**EGM**”) of the Company to be held at 10:00 a.m. on Friday, 11 February 2011.

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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 TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to the
Independent Board Committee and the Independent Shareholders**



ATHENS CAPITAL LIMITED

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 3 to 8 of this circular. A letter from the Independent Board Committee is set out on pages 9 to 10 of this circular. A letter from Athens, the independent financial advisor, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 20 of this circular.

A notice convening the EGM to be held at office nos. 3321–3323 and 3325, 33/F., China Merchants Tower, Shun Tak Centre, No. 168–200 Connaught Road Central, Hong Kong at 10:00 a.m. on Friday, 11 February 2011 is set out on pages 27 to 29 of this circular. If you are not able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company’s Hong Kong branch share registrars, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

20 January 2011

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Agreement”	the sale and purchase agreement of iron ores dated 14 December 2010 and entered into between Pingchuan Iron Mining Company as supplier and Yuechuan JV as purchaser
“Annual Caps”	the annual caps for the Transactions for each of the two years ending 31 December 2012
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Athens”	Athens Capital Limited, a corporation licensed to conduct type 1 (dealing in securities) and type 6 (advisory on corporate finance) regulated activities under the SFO, the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions for the two years ending 31 December 2012 and the Annual Caps
“Board”	the board of Directors
“Company”	Yue Da Mining Holdings Limited 悅達礦業控股有限公司, a company incorporated in the Cayman Islands and the issued Shares of which are listed on the main board of the Stock Exchange
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Effective Date”	14 December 2010
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Transactions for the two years ending 31 December 2012 and the Annual Caps by the Independent Shareholders
“Group”	collectively, the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the Board committee comprising all the independent non-executive Directors established by the Board for the purpose of advising the Independent Shareholders in relation to the Transactions for the two years ending 31 December 2012 and the Annual Caps

DEFINITIONS

“Independent Shareholders”	Shareholders other than Pingchuan Iron Mining Company and its associates
“Latest Practicable Date”	17 January 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pingchuan Iron Mining Company”	四川省鹽源縣平川鐵礦 (Sichuan Province Yanyuan County Pingchuan Iron Mine*), a State-owned enterprise under the purview of Yanyuan People’s Government and a holder of 51% equity interest in Yuechuan JV
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the Agreement
“Yanyuan People’s Government”	四川省鹽源縣人民政府 (The People’s Government of Yanyuan County, Sichuan Province, the PRC*)
“Yue Da-HK”	Yue Da Pingchuan Limited 悦達平川有限公司, a company incorporated in Hong Kong and which is a wholly owned subsidiary of the Company
“Yuechuan JV”	涼山州悦川礦業有限責任公司 (Liangshan Prefecture Yuechuan Mining Co., Limited*), a limited liability company incorporated in the PRC and an indirect subsidiary of the Company, which is owned as to 49% by Yue Da-HK and as to 51% by Pingchuan Iron Mining Company
“%”	per cent.

* *Unofficial transliteration from Chinese name(s) for identification purposes only*



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)

Executive Directors:

Mr Dong Li Yong

Mr Liu Xiaoguang

Non-executive Directors:

Mr Chen Yunhua

Mr Qi Guang Ya

Independent non-executive Directors:

Ms Leung Mei Han

Mr Cui Shu Ming

Mr Han Run Sheng

Dr Liu Yongping

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of

business in Hong Kong:

Office Nos. 3321–3323 & 3325

33/F, China Merchants Tower

Shun Tak Centre

No. 168–200 Connaught Road Central

Hong Kong

20 January 2011

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

On 14 December 2010, the Board announced that on 14 December 2010, Yuechuan JV, a non-wholly owned subsidiary of the Company, and Pingchuan Iron Mining Company, a substantial shareholder of Yuechuan JV entered into the Agreement, pursuant to which Yuechuan JV has agreed to purchase iron ores from Pingchuan Iron Mining Company on an ongoing basis. As Pingchuan Iron Mining Company is a Connected Person of the Company, the Transactions constitute continuing connected transactions on the part of the Company.

LETTER FROM THE BOARD

Based on the estimated transaction amounts for the period from the Effective Date of the Agreement to 31 December 2010, all the relevant percentage ratios for the annual value of Transactions for the period up to 31 December 2010 are less than 5%. Accordingly, pursuant to Rule 14A.34 of the Listing Rules, the Transactions for the period up to 31 December 2010 are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but are exempt from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For each of the two years ending 31 December 2012, as one or more of the applicable percentage ratios (other than the profits ratio) calculated under the Listing Rules with reference to the proposed Annual Caps for the Transactions exceed 5%, the Transactions for each of the two years ending 31 December 2012 are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is to give you further information regarding, among others, the Agreement, the Transactions and the Annual Caps, the advice of the Independent Board Committee to the Independent Shareholders and the advice from Athens to the Independent Board Committee and the Independent Shareholders and to give you notice of the EGM.

THE AGREEMENT

Date: 14 December 2010

Parties: (1) Pingchuan Iron Mining Company as supplier; and
(2) Yuechuan JV, a non-wholly owned subsidiary of the Company, as purchaser.

Pursuant to the Agreement, Yuechuan JV agrees to purchase iron ores from Pingchuan Iron Mining Company on an ongoing basis. Other principal terms of the Agreement are set out below:

- (i) The initial term of the Agreement is from the Effective Date to 31 December 2012; and the term of the Agreement may be renewed upon further agreement by the parties (subject to compliance with the Listing Rules).
- (ii) The purchase of iron ores by Yuechuan JV from Pingchuan Iron Mining Company shall be on terms similar to those of Pingchuan Iron Mining Company supplying to other independent third parties.
- (iii) Yuechuan JV shall make payment to Pingchuan Iron Mining Company in full in cash or by bank draft not less than two weeks before delivery of iron ores by Pingchuan Iron Mining Company.
- (iv) The types of iron ores to be purchased by Yuechuan JV shall be standard lump ore, fine iron ore, refined iron ore and iron ores related products.

LETTER FROM THE BOARD

The Company will comply with the relevant Listing Rules requirements if and when the term of the Agreement is renewed or when there is any material change to the terms of the Agreement.

Connected Person

Pingchuan Iron Mining Company is a state-owned enterprise under the purview of Yanyuan People's Government. Pingchuan Iron Mining Company is principally engaged in iron ore mining. Yuechuan JV is owned as to 49% by Yue Da-HK (which in turn is a wholly owned subsidiary of the Company) and 51% by Pingchuan Iron Mining Company. Yue Da-HK has the right to appoint a majority of the board of directors of Yuechuan JV and accordingly Yuechuan JV is regarded as a non-wholly owned subsidiary of the Company. As Pingchuan Iron Mining Company is a substantial shareholder of Yuechuan JV, it is a Connected Person of the Company.

Historical and existing transactions

Yuechuan JV was formed in July 2010 and prior to the signing of the Agreement, Yuechuan JV and the Group did not have any transactions with Pingchuan Iron Mining Company in relation to the purchase of iron ores.

It is expected that the value of the Transactions for the period from the Effective Date of the Agreement to 31 December 2010 would not exceed RMB10 million.

Proposed Annual Caps

It is proposed that the Annual Caps for the purchase of iron ores by Yuechuan JV from Pingchuan Iron Mining Company for the two years ending 31 December 2012 shall be RMB200,000,000 and RMB200,000,000 respectively.

Basis of the proposed Annual Caps

The proposed Annual Caps for the two years ending 31 December 2012 are determined with reference to the business plan of Yuechuan JV and the resources expected to be allocated by Yuechuan JV to this business segment, the anticipated amount of iron ores to be sold by Yuechuan JV to third parties, the current selling price of iron ores by Pingchuan Iron Mining Company to independent third parties and the market conditions of iron ores.

On such basis, for each of the years ending 31 December 2011 and 31 December 2012, and further assuming that (i) the average price of standard lump ore and fine iron ore is approximately RMB750 per ton and the maximum annual quantity of standard lump ore and fine iron ore to be purchased by Yuechuan JV is approximately 150,000 tons, which represent a total estimated value of RMB112,500,000 of standard lump ore and fine iron ore to be purchased annually; and (ii) the average price of refined iron ore is approximately RMB980 per ton and the maximum annual quantity of refined iron ore to be purchased by Yuechuan JV is approximately 70,000 tons, which represent a total estimated value of

LETTER FROM THE BOARD

RMB68,600,000 of refined iron ore to be purchased annually. Accordingly, the proposed Annual Caps for each of the two years ending 31 December 2012 are RMB200,000,000 and RMB200,000,000 respectively.

Reasons for entering into the Agreement

The principal activities of the Group consist of exploration, mining, processing and sale of zinc, lead, iron and gold ore, and the management and operation of a toll highway. The business scope of Yuechuan JV is the exploration of black and nonferrous metals and the purchase and sale of mineral products (including iron, lead and zinc). It is contemplated that when Yuechuan JV identifies potential buyers for iron ores agreed to be supplied by Pingchuan Iron Mining Company under the Agreement, it will then acquire such ores from Pingchuan Iron Mining Company and will on-sell such ores to its customer(s) at a higher price.

It is expected that the sales of iron ores by Yuechuan JV will provide not only an additional source of revenue for the Group but will also fit into the business strategy of the Group in fully utilizing the Group's resources and raw materials.

The Directors (including the independent non-executive Directors) consider that:

- (a) the terms and conditions of the Agreement are on normal commercial terms and are fair and reasonable;
- (b) the proposed Annual Caps for the two years ending 31 December 2012 as referred to above are fair and reasonable; and
- (c) the Transactions are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Transactions are transactions on normal commercial terms and in the ordinary course of businesses of the Group.

For each of the two years ending 31 December 2012, as one or more of the applicable percentage ratios (other than the profits ratio) calculated under the Listing Rules with reference to the proposed Annual Caps for the Transactions exceed 5%, the Transactions for each of the two years ending 31 December 2012 constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are therefore subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek the Independent Shareholders' approval for the Transactions for the two years ending 31 December 2012 and the Annual Caps at the EGM.

LETTER FROM THE BOARD

The Company has established an Independent Board Committee (which comprises only and all the independent non-executive Directors) to advise the Independent Shareholders as to, among other matters, whether the Transactions for the two years ending 31 December 2012 and the proposed Annual Caps are fair and reasonable, in the interest of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the resolutions to be proposed at the EGM taking into account the recommendation of the independent financial adviser.

The Company has appointed Athens as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Transactions for the two years ending 31 December 2012 and the Annual Caps.

None of the Directors had any material interest in the Agreement and/or the Transactions for the two years ending 31 December 2012. None of them were therefore required to abstain from voting on board resolutions of the Company in respect of such transactions.

GENERAL

The principal activities of the Group consist of exploration, mining, processing and sale of zinc, lead, iron and gold ore, and the management and operation of a toll highway. The business scope of Yuechuan JV is the exploration of black and nonferrous metals and the purchase and sale of mineral products (including iron, lead and zinc).

Pingchuan Iron Mining Company is a state-owned enterprise under the purview of Yanyuan People's Government. Pingchuan Iron Mining Company is principally engaged in iron ore mining. Yuechuan JV is owned as to 49% by Yue Da-HK and 51% by Pingchuan Iron Mining Company. As Pingchuan Iron Mining Company is a substantial shareholder of Yuechuan JV, it is a Connected Person of the Company.

EGM

The Company will convene the EGM at 10:00 a.m. on Friday, 11 February 2011 at office nos. 3321–3323 and 3325, 33/F., China Merchants Tower, Shun Tak Centre, No. 168–200 Connaught Road Central, Hong Kong to consider, among other things, the Transactions for the two years ending 31 December 2012 and the Annual Caps. The resolutions will be put to the vote at the EGM by poll as required by the Listing Rules. A notice of the EGM is set out on pages 27 to 29 of this circular. Pingchuan Iron Mining Company and its associates shall abstain from voting on the resolutions approving the Transactions for the two years ending 31 December 2012 and the Annual Caps which will be proposed at the EGM. So far as the Directors are aware, as at the Latest Practical Date Pingchuan Iron Mining Company does not hold any Shares in the Company. To the best knowledge, information and belief of the Directors, none of the persons who are required to abstain from voting at the EGM is holding any Shares in the Company as at the Latest Practical Date.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is also enclosed. If you are not able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrars, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

VOTING BY POLL

Pursuant to rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all the resolutions put to the vote at the EGM will be taken by way of poll. The chairman of the EGM will explain the detailed procedures for conducting a poll at the commencement of the EGM.

After the conclusion of the EGM, the poll results will be published on the respective websites of the Stock Exchange and the Company.

RECOMMENDATION

Your attention is drawn to the advice of the Independent Board Committee set out in its letter set out on pages 9 to 10 of this circular and the letter of advice from Athens to the Independent Board Committee and the Independent Shareholders in connection with the Transactions for the two years ending 31 December 2012 and the Annual Caps and the principal factors and reasons considered by them in arriving at such advice set out on pages 11 to 20 in this circular.

The Independent Board Committee, having taken into account the advice of Athens, considers that the terms of the Transactions for the two years ending 31 December 2012 and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders to vote in favour of the ordinary resolutions approving the Transactions for the two years ending 31 December 2012 and the Annual Caps at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
Yue Da Mining Holdings Limited
Chen Yunhua
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this circular:



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)

20 January 2011

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company to its Shareholders and dated 20 January 2011 (“**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the Transactions for the two years ending 31 December 2012 constitutes non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

We have been appointed by the Board to consider the Transactions for the two years ending 31 December 2012 and the Annual Caps and to advise the Independent Shareholders in connection therewith and as to whether, in our opinion, the Transactions for the two years ending 31 December 2012 and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. Athens has been appointed as the independent financial adviser to advise us in this respect.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board and the letter from Athens as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, Athens as set out in its letter of advice, we consider that the Transactions for the two years ending 31 December 2012 are in the ordinary and usual course of business of the Group and are on normal commercial terms. We also consider that the Annual Caps and Transactions for the two years ending 31 December 2012 are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Transactions for the two years ending 31 December 2012 is in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions approving the Transactions for the two years ending 31 December 2012 and the Annual Caps at the EGM.

Yours faithfully

For and on behalf of

Independent Board Committee

LEUNG Mei Han

CUI Shu Ming

HAN Run Sheng

LIU Yongping

Independent non-executive Directors

LETTER FROM ATHENS

The following is the full text of a letter of advice prepared by Athens to the Independent Board Committee and the Independent Shareholders for the purpose of inclusion in this circular.



ATHENS CAPITAL LIMITED
803 Chinese Bank Building
61–65 Des Voeux Road
Central, Hong Kong

20 January 2011

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions for the two years ending 31 December 2012 (the “**Relevant Transactions**”) and the Annual Caps, the details of which are contained in the letter from the board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 20 January 2011 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the content otherwise requires.

On 14 December 2010, Yuechuan JV, a non-wholly owned subsidiary of the Company entered into the Agreement with, Pingchuan Iron Mining Company, a substantial shareholder of Yuechuan JV, in respect of the purchase of iron ores by Yuechuan JV from Pingchuan Iron Mining Company on an ongoing basis. As Pingchuan Iron Mining Company is a substantial shareholder of Yuechuan JV and is interested in 51% of the equity interest in Yuechuan JV, it is a Connected Person of the Company.

Accordingly, the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. For the two years ending 31 December 2012, given that the proposed Annual Caps for the Relevant Transactions will cause one or more of the applicable percentage ratios (other than the profits ratio) to exceed 5%, the Relevant Transactions will be subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. Pingchuan Iron Mining Company and its associate(s) will abstain from voting on the resolution for approving the Relevant Transactions and the Annual Caps at the EGM. As at the Latest Practicable Date, Pingchuan Iron Mining Company does not hold any Shares in the Company.

LETTER FROM ATHENS

The Independent Board Committee comprising Ms. Leung Mei Han, Mr. Cui Shu Ming, Mr. Han Run Sheng and Dr. Liu Yongping, being all of the four independent non-executive Directors, has been formed to advise the Independent Shareholders on whether (i) the terms of the Relevant Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) the Relevant Transactions and the proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders in respect thereof.

BASIS OF OUR OPINION

In formulating our advices and recommendations to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true, complete and accurate in all material respects at the time when they were made and continue to be so as at the date of the despatch of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful considerations.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us.

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our recommendation in compliance with Rule 13.80 of the Listing Rules. The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company nor have we considered the taxation implication on the Group or the Shareholders as a result of the transactions herein.

In addition, we have no obligation to update this opinion to take into account events occurring after the issue of this letter. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

LETTER FROM ATHENS

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the Relevant Transactions and the Annual Caps, we have considered the following principal factors and reasons:

I. Information on the Group, Yuechuan JV and Pingchuan Iron Mining Company

The Group is principally engaged in exploration, mining, processing and sale of zinc, lead, iron and gold ore, and the management and operation of a toll highway.

Yuechuan JV is a limited liability company formed on 8 July 2010 in the PRC. It is owned as to 49% by Yue Da-HK, a wholly owned subsidiary of the Company and as to 51% by Pingchuan Iron Mining Company. Given that Yue Da-HK has the right to appoint a majority of the board of directors of Yuechuan JV, Yuechuan JV is therefore regarded as a non-wholly owned subsidiary of the Company. The business scope of Yuechuan JV covers exploration of black and nonferrous metals and the purchase and sale of mineral products (including iron, lead and zinc).

Pingchuan Iron Mining Company is principally engaged in iron ore mining and is a state-owned enterprise under the purview of Yanyuan People's Government.

II. Reasons for and benefits of entering into the Agreement

As set out in the Letter from the Board, it is contemplated that when potential buyers have been identified by Yuechuan JV for those iron ores agreed to be supplied by Pingchuan Iron Mining Company under the Agreement, Yuechuan JV will then acquire such iron ores from Pingchuan Iron Mining Company for on-sale to its customer(s) at a higher price. Accordingly, the Transactions will be demand-driven, and the Transactions will only take place upon receiving purchase orders from potential buyers by Yuechuan JV with the view of generating revenue for Yuechuan JV from such sales. We understand that there will be no additional work or processing to be made by Yuechuan JV in reselling those iron ores to its customers. As advised by the management of the Company, we are made known that Yuechuan JV will consolidate potential customers' demands for placing purchase request to Pingchuan Iron Mining Company in order to enjoy bulk purchase benefits offered by Pingchuan Iron Mining Company. With Yuechuan JV's bulk purchase, it will enjoy a more favourable purchase price than its individual customers. Therefore, Yuechuan JV can take advantage of the price difference in reselling iron ores to its customers at a price higher than its purchase price. Given that the purchase and sale of mineral products is one of the business scope of Yuechuan JV, the Transactions is within its ordinary and usual course of business. In addition, iron ores shall only be purchased by Yuechuan JV under the Agreement should the corresponding selling price for re-sale is higher than the purchase price, it is therefore commercially sensible.

According to the interim report of the Company for the six months ended 30 June 2010, we note that the Group has entered into strategic co-operation agreements with various metal smelters and steel companies to maintain recurring sales and cashflow to the Group. As such, on-sale of iron ores by Yuechuan JV for those purchases made

LETTER FROM ATHENS

under the Agreement will not only provide an additional source of revenue for the Group and broaden the revenue base of the Group, but is also in line with the Group's endeavour in generating recurring sales and cashflow. In addition, the aforesaid iron ores sales is generating revenue for Yuechuan JV by leveraging on the expertise and iron ore production capacity of Pingchuan Iron Mining Company, which fits into the Group's business strategy of fully utilizing the Group's resources and raw materials.

In order for Yuechuan JV to generate sales from iron ores, it is essential for Yuechuan JV to have access to a reliable supply of high quality iron ores at a competitive price. The Directors consider that Pingchuan Iron Mining Company is located in Pingchuan, a geographical region where the iron ores are generally of higher quality. Accordingly, for those iron ores to be supplied by Pingchuan Iron Mining Company under the Agreement, the Directors consider that they are of higher quality in terms of higher iron content and less chemical impurities for use as the key raw materials by steel mills in their production processes than those generally supplied by third party suppliers. As advised by the management of the Company, there is a strong market demand for high quality iron ores by steel making companies for smoothing their production processes. However, only few local iron ore producers could provide high quality iron ores. As such, securing a stable supply of high quality iron ores from Pingchuan Iron Mining Company which has strong market demand is beneficial to Yuechuan JV. Moreover, as stated in the announcement of the Company dated 10 March 2010, Pingchuan Iron Mining Company has an annual production scale of approximately 1,500,000 tonnes of ores and its competitive edge is enhanced by its registered brandname of “平鐵” in the PRC. It is considered to be justifiable to secure a supply from such reputable iron ore supplier. As further advised by the management of the Company, we understand that iron ores are high volume bulk products and transportation cost is an important factor in the purchase consideration. We are made aware that Yuechuan JV and Pingchuan Iron Mining Company are in close proximity and hence the Transactions shall enable Yuechuan JV to enjoy lower transportation costs in iron ores procurement, thereby enhancing its competitiveness in iron ores sales.

Taking into account the principal business of the Yuechuan JV and the nature of the Transactions, we are of the view that the Transactions are in the ordinary and usual course of business of the Group and is in the interests of the Company and Shareholders as a whole.

III. Principal terms of the Agreement

Pursuant to the Agreement, Yuechuan JV has agreed to purchase iron ores from Pingchuan Iron Mining Company for the period from the Effective Date to 31 December 2012. Subject to compliance with the Listing Rules, the term of the Agreement may be renewed upon further agreement by the parties.

Under the Agreement, purchase of iron ores by Yuechuan JV from Pingchuan Iron Mining Company shall be on terms similar to those of Pingchuan Iron Mining Company supplying to other independent third parties. The management of the

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Company advises that in determining the terms of the Transactions, it will follow the same principle of fairness and reasonableness as adopted by Pingchuan Iron Mining Company in its arm's length negotiation of the terms of its iron ores sales to independent third parties. Factors including but not limited to prevailing market price of iron ores, quantity of iron ores, credit worthiness and repayment history of purchasers will be taken into consideration by Pingchuan Iron Mining Company for arriving at the terms of its iron ores sales to both Yuechuan JV and independent customers. Based on the above, the negotiation mechanism of the Transactions is comparable to that adopted by Pingchuan Iron Mining Company in its arm's length commercial negotiation process for its iron ores sales to independent customers. Accordingly, the terms of the Transactions will be comparable to those iron ores sales by Pingchuan Iron Mining Company to independent third parties.

We note that Yuechuan JV and the Group did not have any iron ores purchase transactions with Pingchuan Iron Mining Company prior to the signing of the Agreement. After signing of the Agreement, Yuechuan JV has started to purchase iron ores from Pingchuan Iron Mining Company. However, no similar purchase transactions have been entered into by the Group with independent third parties in the past. As such, no comparable transactions document is available for our review.

In order to assess the fairness and reasonableness of the pricing of the Agreement, we have discussed the pricing mechanism with the management of the Company. As advised by the management of the Company, we understand that the iron ores to be supplied by Pingchuan Iron Mining Company under the Agreement are commonly traded products with established markets. Accordingly, the market prices for those products are determined based on arm's length commercial negotiation between a willing buyer and a willing supplier with reference to the prevailing market conditions. We are given to understand that the purchase price for each Transaction follows the same pricing principles which shall be separately determined and negotiated between Yuechuan JV and Pingchuan Iron Mining Company on an arm's length basis with reference to the prevailing market prices of the same products and taking into account the market conditions and business requirements of the parties at the time of negotiation. As confirmed by the Directors, such price shall be no less favourable to Yuechuan JV than those available from independent third parties suppliers. Given that the pricing of the Agreement shall be similar to those offered by Pingchuan Iron Mining Company to third parties and such pricing will be arrived at after arm's length negotiation and following the same pricing principles as in the determination of market price, we consider that the pricing of the Agreement to be commercially sensible.

In respect of the payment term, payment shall be made by Yuechuan JV in full in cash or by bank draft not less than two weeks before delivery of iron ores by Pingchuan Iron Mining Company. We have enquired into and have been advised by management of the Company that the payment terms are determined after arm's length negotiation between Yuechuan JV and Pingchuan Iron Mining Company with reference to the market practice. In addition, given that the Transactions will be demand driven, Yuechuan JV also takes into consideration the payment term regarding sales of iron ores to its customers in the negotiation process with Pingchuan Iron Mining Company.

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According to our review of the sample contracts provided by the Company, the payment term of iron ores sales of Yuechuan JV is approximately two weeks before iron ores delivery. In addition, based on our review of the sample purchase contracts of the Transactions and sample Yuechuan JV's iron ores sales contracts to its customers, we note that the payment terms of the Transactions and Yuechuan JV's iron ores sales are similar. As such, the payment term of the Agreement is similar to those offered by Yuechuan JV to its third party iron ores customers which is determined based on arm's length commercial negotiation.

In light of the above, we consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

IV. The Annual Caps

As set out in the Letter from the Board, the Annual Caps for each of the two financial years ending 31 December 2011 and 2012 will both be RMB200,000,000.

According to the Letter from the Board, the Annual Caps are determined with reference to (i) Yuechuan JV's business plan and the resources expected to be allocated by it to this business segment; (ii) anticipated amount of iron ores to be sold by Yuechuan JV to third parties; (iii) the current selling price of iron ores by Pingchuan Iron Mining Company to independent third parties; and (iv) the market conditions of iron ores.

On the above basis, the Annual Caps have been arrived at with reference to the estimated maximum annual values in respect of the purchase of two categories of products by Yuechuan JV under the Agreement, namely (i) standard lump ore and fine iron ore (the "**Standard Ore**") in the amount of RMB112,500,000; and (ii) refined iron ore (the "**Refined Ore**") in the amount of RMB68,600,000.

As further stated in the Letter from the Board, the estimated maximum annual purchase values of the Standard Ore and the Refined Ore are determined based on (i) their corresponding average prices which are estimated to be approximately RMB750 per ton and RMB980 per ton respectively; and (ii) their corresponding estimated maximum annual quantities to be purchased by Yuechuan JV of approximately 150,000 tons and 70,000 tons respectively.

In order to assess the fairness and reasonableness of the Annual Caps, we have reviewed the calculation schedule of the Annual Caps and have discussed with the management of the Company for the basis and assumptions for the purpose of setting the Annual Caps.

Actual purchase values of the Relevant Transactions shall be subject to purchase prices and purchase quantities for those products contemplated under the Agreement. As such, it is sensible to make reference to the estimated purchase prices and purchase quantities of the Standard Ore and the Refined Ore in determining the Annual Caps.

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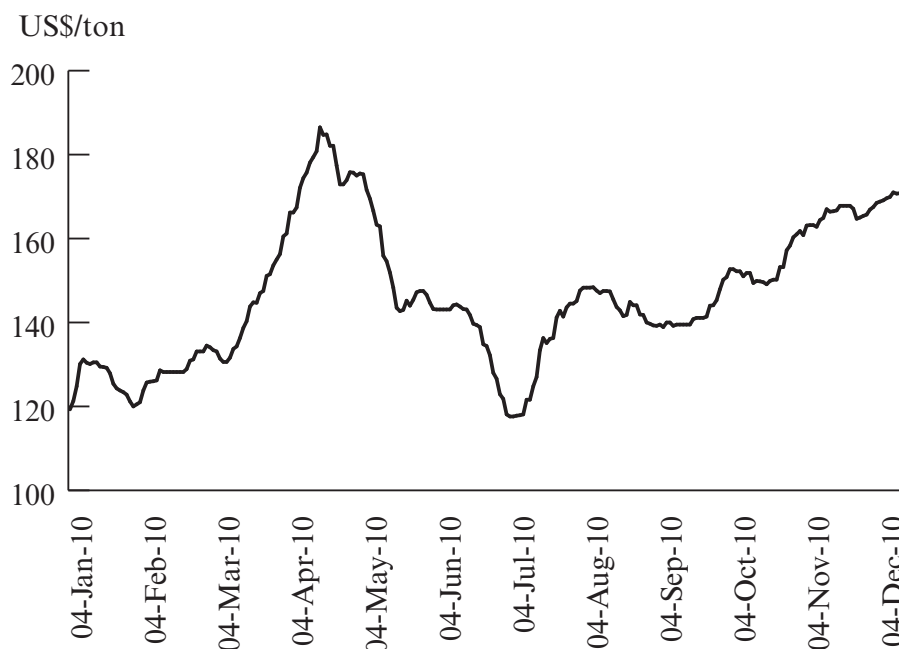
Regarding the estimated purchase prices for the Standard Ore and the Refined Ore of RMB750 per ton and RMB980 per ton respectively in annual caps determination, we have enquired into management of the Company for the basis of their determination. We are given to understand that the average prices used in Annual Caps determination are arrived at based on current selling prices charged by Pingchuan Iron Mining Company for the corresponding products to independent third parties as indicated by Pingchuan Iron Mining Company at the time of negotiation of the Agreement. Upon our review of the sample purchase contracts of the Transactions, we note that the average purchase prices for the Standard Ore and the Refined Ore are approximately RMB749 per ton and RMB980 per ton respectively, which are almost equivalent to the corresponding average prices used in Annual Caps determination.

As stated in the Agreement, the prices of the Standard Ore and the Refined Ore shall be determined on the basis of the prices of their corresponding benchmark iron ores which have iron content of 55% and 62% respectively and with adjustments made for the differences in actual iron content and other chemical composition from the benchmark iron ores. We are given to understand that under common market practice, price determination of a particular iron ore principally hinges on its iron content. In this connection, taking into account that the prices of the Standard Ore and the Refined Ore shall move in line with their iron content, we consider that the trend of market price of iron ores with 62% iron content provides a reasonable reference to the price trend of the Standard Ore and the Refined Ore.

We have been advised by the management of the Company that iron ores prices have been fluctuating in 2010, but in general, it is in an upward trend. For illustration purpose, based on information from Bloomberg as shown in the graph below, we understand that the market price of iron ores with iron content of 62% experienced fluctuation in 2010 which ranged from US\$118 per ton to US\$185 per ton in 2010, with the highest value of US\$185 per ton attained in April 2010. In 2010, market price started off with US\$119 per ton and increased to a peak in April 2010. After that, market price gradually declined to US\$118 per ton in July 2010 and thereafter, gradually climbed up to US\$170 per ton at the end of December 2010. Despite the fluctuation in 2010, the market price recorded a growth of approximately 43% from January 2010 to December 2010. At the end of December 2010, the market price was closed to the highest price obtained in 2010. In light of the recent upward trend of iron ores market price, the most recent market price represents a closer approximation to the future average market price. Based on the foregoing, we consider that it is reasonable to make reference to the current selling prices charged by Pingchuan Iron Mining Company for estimating the average purchase prices used for Annual Caps determination.

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Graph: The price per ton of iron ores with iron content of 62% in 2010:



Source: Bloomberg

Regarding the anticipated maximum annual purchase quantities of the Standard Ore and the Refined Ore by Yuechuan JV of 150,000 tons and 70,000 tons respectively, given that such purchases shall be demand-driven, they have been determined by the Company based on the projected sales quantities by Yuechuan JV to third party customers. In estimating sales quantities of Yuechuan JV, management of the Company has taken into consideration (i) Yuechuan JV's business plan which is determined based on management's assessment of possible iron ores trading business opportunities; (ii) Yuechuan JV's business development strategies and resources estimated to be allocated to its iron ores sales business with reference to recent PRC economic development. Apart from the estimated demand of the Standard Ore and the Refined Ore as those products are anticipated to source from Pingchuan Iron Mining Company, production capacity of Pingchuan Iron Mining Company shall also be taken into account in Annual Caps determination. As advised by the management of the Company, we understand that during the negotiation of the Agreement, Pingchuan Iron Mining Company have indicated the annual purchase quantities. Such quantities are arrived at after discussion with Pingchuan Iron Mining Company with reference to its production capacity and the Group's anticipated customers demand reflecting the Group's business needs and development strategy based on management experience and judgment in light of recent PRC economic development.

Iron ores are used primarily as raw materials in the steel making process and steel is widely used in infrastructure development, construction, and manufacturing industries. Therefore, the demand of the iron ores is closely related to the PRC economic development. According to the National Bureau of Statistics of China, gross domestic product ("GDP") of the PRC recorded a compound annual growth rate

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(“CAGR”) of approximately 15.0% from 2001 to 2009 with GDP increased from approximately RMB10,966 billion in 2001 to approximately RMB33,535 billion in 2009. Along with the rapid PRC economic growth, fixed asset investment in the PRC has also experienced fast growth from approximately RMB3,721 billion in 2001 to approximately RMB22,485 billion in 2009, representing a CAGR of approximately 25.2% and exceeding the PRC’s GDP growth during the same period. In this regards, we consider that it is fair and reasonable to project the sales quantities with reference to the PRC economic development.

According to the annual report of the Company for the year ended 31 December 2009, the historical annual quantity of iron ore concentrates processed by the Group for the year ended 31 December 2009 was 143,712 tons. With reference made to the historical iron ore related business of the Group, management of the Company considers that the estimated maximum annual purchase quantities of the Standard Ore (150,000 tons) and the Refined Ore (75,000 tons) used in Annual Caps determination shall provide sufficient room for carrying out iron ores sales activities by Yuechuan JV with the view of generating additional income for the Group. The management of the Company considers that it is sensible to incorporate buffers over the estimated purchase quantities to provide greater flexibility to Yuechuan JV for coping with any unexpected customers demand.

We note that the aggregate of estimated maximum annual values in respect of the purchase of (i) the Standard Ore of RMB112,500,000; and (ii) the Refined Ore of RMB68,600,000, which amounts to RMB181,100,000 is less than the Annual Caps of RMB200,000,000. As advised by the management of the Company, we understand that the difference of RMB18,900,000, representing a buffer of approximately 10% has been incorporated in determining the Annual Caps.

Taking into account the increasing price trend and recent economic development in the PRC, we consider that, like the market price of other commodity goods, the market price of iron ores will fluctuate. Moreover, there are many factors, which may be of temporary or permanent nature, may affect the market conditions of the iron ores therefore result to future fluctuation in the market prices of iron ores. Although there is no assurance that the market price of iron ores will continue to surge in the future, we consider that it is prudent and reasonable to incorporate a buffer into the Annual Caps to mitigate the effects of the continuing growth in market price of iron ores on Yuechuan JV’s capability in its iron ores sales. In this connection, we are of the view that the inclusion of buffers in the Annual Caps is fair and reasonable.

Based on the foregoing, we consider that the basis of determining the Annual Caps are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

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RECOMMENDATION

Having taken into account the abovementioned factors and reasons, we are of the opinion that the Relevant Transactions are conducted in the ordinary and usual course of business of the Company and the terms of the Agreement are on normal commercial terms. We also consider that the terms of the Agreement, the Relevant Transactions and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Agreement and the Relevant Transactions is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Relevant Transactions and the Annual Caps.

Yours faithfully,
For and on behalf of
Athens Capital Limited
Ross Cheung
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

- (a) As at the Latest Practicable Date, the interests and short positions of each Director in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Interest in the Shares of the Company

Name of directors	Capacity	Number of Shares ¹	Percentage of shareholding
Dong Li Yong	Beneficial owner	3,000,000	0.44%
	Beneficial owner	<u>1,403,460²</u>	<u>0.20%</u>
		4,403,460	0.64%
Liu Xiao Guang	Beneficial owner	600,000	0.09%
	Beneficial owner	<u>701,730²</u>	<u>0.10%</u>
		1,301,730	0.19%
Chen Yunhua	Beneficial owner	1,500,000 ³	0.22%
Qi Guang Ya	Beneficial owner	701,730 ³	0.10%

Notes:

- (1) All interests in the Shares and underlying Shares were long positions. None of the Directors held any short position in the Shares and underlying Shares.

- (2) These Shares represent Shares which would be allotted and issued upon the exercise in full of the options granted to the relevant Directors on 27 May 2009 under the share option scheme of the Company with an exercise price of HK\$0.9063 per Share.
- (3) These Shares represent Shares which would be allotted and issued upon the exercise in full of the options granted to the relevant Director on 19 April 2010 under the share option scheme of the Company with an exercise price of HK\$1.716 per Share.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interest and short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS

- (a) As at the Latest Practicable Date, so far as is known to the Directors, the following persons, other than a Director or chief executive of the Company, had an interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who, direct or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name	Capacity	Number of Shares ¹	Percentage of shareholding
Yue Da Group (H.K.) Co., Limited ("Yue Da Group")	Beneficial owner	252,016,000	36.76%
Jiangsu Yue Da Group Company Limited ("Jiangsu Yue Da")	Interest of a controlled corporation	252,016,000 ²	36.76%
Feilong Holdings Limited	Beneficial owner	40,666,666 ³	5.93%
Pure Talent Investments Limited	Interest of a controlled corporation	40,666,666 ³	5.93%
Mr Yang Long	Interest of a controlled corporation	40,666,666 ³	5.93%

Notes:

- (1) All interests in the Shares and underlying Shares were long positions.
- (2) These Shares are registered in the name of Yue Da Group. Jiangsu Yue Da holds the entire issued share capital of Yue Da Group. Mr Liu Xiaogang, an executive Director, is a director of Yue Da Group. Mr Chen Yunhua, a non-executive Director, is a director of Yue Da Group and the chairman of the board of Jiangsu Yue Da. Mr Qi Quangya, a non-executive Director, is a director of Jiangsu Yue Da.
- (3) Mr Yang Long holds 100% interest in Pure Talent Investments Limited which in turn holds 100% interest in Feilong Holdings Limited.
- (4) Save as disclosed above, none of the Directors was a director or an employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

- (b) Langfang Tongda Highway Co., Ltd. is a non-wholly owned subsidiary of the Company. As at the Latest Practicable Date, Langfang Transport and Highway Engineering Company Limited was interested in approximately 49% (i.e. more than 10%) of the nominal value of the registered capital carrying rights to vote in all circumstances at general meetings of Langfang Tongda Highway Co., Ltd.
- (c) Yuechuan JV is a non-wholly owned subsidiary of the Company. As at the Latest Practicable Date, Pingchuan Iron Mining Company was interested in 51% (i.e. more than 10%) of the nominal value of the registered capital carrying rights to vote in all circumstances at general meetings of Yuechuan JV.
- (d) Save as disclosed in sub-paragraphs (a) to (c) above, so far as is known to the Directors, other than a Director or chief executive of the Company, there is no other person who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, had a direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

4. INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have since 31 December 2009, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

5. INTEREST IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement was subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors entered or proposed to enter into any service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation other than statutory compensation.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, being the date to which the latest published audited financial statements of the Group were made up.

8. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors nor their respective associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

9. QUALIFICATION AND CONSENT OF EXPERT

Athens is a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO.

Athens has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and its letter in the form and context in which they respectively appear.

As at the Latest Practicable Date, Athens did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, Athens did not have any interest, direct or indirect, in any assets which since 31 December 2009, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company in Hong Kong at office nos. 3321–3323 and 3325, 33/F., China Merchants Tower, Shun Tak Centre, No. 168–200 Connaught Road Central, Hong Kong during normal business hours on any weekdays (except public holidays) from the date of this circular up to and including the date of the EGM:

- (a) the Agreement;
- (b) the letter from the Independent Board Committee containing its advice to the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Board Committee” in this circular;
- (c) the letter from Athens containing its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed “Letter from Athens” in the circular; and
- (d) the written consent of Athens referred to in the paragraph headed “Qualification and consent of expert” in this appendix.

11. MISCELLANEOUS

In the event of inconsistency, the English texts of this circular and the enclosed form of proxy shall prevail over the Chinese texts.



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Yue Da Mining Holdings Limited (“**Company**”) will be held at 10:00 a.m. on Friday, 11 February 2011 at office nos. 3321–3323 and 3325, 33/F., China Merchants Tower, Shun Tak Centre, No. 168–200 Connaught Road Central, Hong Kong for the purpose of considering and, if thought fit, with or without amendments, passing the following resolution which will be proposed as an ordinary resolution:

ORDINARY RESOLUTION

“THAT

- (a) the transactions for the two years ending 31 December 2012 (the “**Transactions**”) contemplated by the sale and purchase agreement of iron ores dated 14 December 2010 (“**Agreement**”) (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) made between 四川省鹽源縣平川鐵礦 (unofficial translation being Sichuan Province Yanyuan County Pingchuan Iron Mine) (“**Pingchuan Iron Mining Company**”) as supplier and 涼山州悅川礦業有限責任公司 (unofficial translation being Liangshan Prefecture Yuechuan Mining Co., Limited) (“**Yuechuan JV**”) as purchaser; and
- (b) the annual caps for the two years ending 31 December 2012 in relation to the Transactions as more particularly set out in the circular (“**Circular**”) of the Company dated 20 January 2011 (a copy of which has been produced to the meeting marked “B” and signed by the chairman of the meeting for the purpose of identification),

NOTICE OF EGM

be and are hereby approved and any one of the directors of the Company (“**Directors**”) be authorised for and on behalf of the Company, among other matters, to do or authorise doing all such acts, matters and things as he may in his discretion consider necessary, expedient or desirable to give effect to and implement and/or complete all matters in connection with the Transactions contemplated in the Agreement and/or the annual cap amounts and to waive compliance from or make and agree such variations of a non-material nature to any of the terms of the Agreement, as he may in his absolute discretion consider to be desirable and in the interests of the Company and all of such Director’s acts as aforesaid be and are hereby approved, ratified and confirmed.”

For and on behalf of the Board of
Yue Da Mining Holdings Limited
Chen Yunhua
Chairman

Hong Kong, 20 January 2011

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of

business in Hong Kong:
Office Nos. 3321–3323 & 3325
33/F, China Merchants Tower
Shun Tak Centre
No. 168–200 Connaught Road Central
Hong Kong

Notes:

- 1 The register of members of the Company will be closed from Wednesday, 9 February 2011 to Friday, 11 February 2011 (both days inclusive), during which no transfer of shares will be registered. In order to qualify for the attendance of the EGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrars, Hong Kong Registrars Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 8 February 2011.
- 2 A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
- 3 To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited at the Company’s Hong Kong branch share registrars, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 48 hours before the time of the above meeting or any adjourned meeting.

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- 4 Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- 5 In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date hereof, 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.