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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Yue Da Mining Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

- 1. PROPOSED GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**
- 2. TERMINATION OF THE EXISTING SHARE OPTION SCHEME, ADOPTION OF THE NEW SHARE OPTION SCHEME**
- 3. RE-ELECTION OF DIRECTORS**
- 4. NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of the Company 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 on 9 June 2011 at 10:00 a.m. is set out on pages 26 to 30 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjournment thereof 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. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

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## DEFINITIONS

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

“Adoption Date”	the date on which the adoption of the New Share Option Scheme is approved by the Shareholders
“Annual General Meeting”	the annual general meeting of the Company 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 on 9 June 2011 at 10:00 a.m., the notice of which is set out on pages 26 to 30 of this circular, or any adjournment thereof
“Articles”	the articles of association of the Company adopted pursuant to a written resolution passed by the then sole Shareholder on 12 November 2001, as amended from time to time
“associates”	has the meaning ascribed to it under the Listing Rules
“Auditors”	the auditors for the time being of the Company
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	Yue Da Mining Holdings Limited 悦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 Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Eligible Employee”	any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any Subsidiary or any Invested Entity
“Eligible Participant(s)”	the person(s) who may be invited by the Directors to take up Options pursuant to the New Share Option Scheme, including, among others, any Eligible Employee
“Existing Share Option Scheme”	the Company’s existing share option scheme which has become effective on 29 November 2001 pursuant to a resolution in writing passed by the then sole Shareholder on 12 November 2001

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## DEFINITIONS

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“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that the total number of Shares which may be allotted and issued under the Issue Mandate may be increased by an additional number representing such number of Shares actually repurchased under the refreshed Repurchase Mandate
“Grantee”	any Eligible Participant who accepts an Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) his personal representative
“Group”	collectively, the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Invested Entity”	any entity in which any member of the Group holds any equity interest
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the Annual General Meeting for the Directors to exercise the power of the Company to allot, issue or otherwise deal with new Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company as at the date of the Annual General Meeting
“Latest Practicable Date”	26 April 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the Annual General Meeting, a summary of the principal terms of which is set out in Appendix II to this circular
“Offer”	an offer for the grant of an Option
“Offer Date”	the date, which must be a Business Day, on which an Offer is made to an Eligible Participant
“Option(s)”	option(s) to subscribe for the Shares granted pursuant to the New Share Option Scheme
“Option Period”	in respect of any particular Option, a period (which may not be later than 10 years from the Offer Date of that Option) to be determined and notified by the Directors to the Grantee thereof and, in the absence of such determination, from the Offer Date to the earlier of (i) the date on which such Option lapses; and (ii) 10 years from the Offer Date of that Option
“PRC”	the People’s Republic of China

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## DEFINITIONS

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“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the Annual General Meeting to enable the Directors to repurchase the Shares on the Stock Exchange the aggregate nominal amount of which shall not exceed 10% of the aggregate nominal amount of the share capital in issue as at the date of the Annual General Meeting
“SFO”	Securities & 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
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option
“Subsidiary(ies)”	the companies which are for the time being and from time to time the subsidiaries (within the meaning of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong)) of the Company
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Termination Date”	close of business of the Company on the date which falls 10 years after the Adoption Date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



**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

29 April 2011

*To the Shareholders*

Dear Sir or Madam

- 1. PROPOSED GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**
- 2. TERMINATION OF THE EXISTING SHARE OPTION SCHEME, ADOPTION OF THE NEW SHARE OPTION SCHEME**
- 3. RE-ELECTION OF DIRECTORS**
- 4. NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The primary purpose of this circular is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting and to give you notice of the Annual General Meeting. Resolutions to be proposed at the Annual General Meeting include ordinary resolutions relating to the proposed grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, and the proposed termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme.

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## LETTER FROM THE BOARD

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### ISSUE MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed that the Issue Mandate be granted for the Directors to allot, issue and deal with new Shares up to 20% of the aggregate nominal share capital of the Company in issue as at the date of passing of the relevant resolution. As at the Latest Practicable Date, a total of 685,554,928 Shares were in issue. Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors and on the basis that no Shares will be issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Issue Mandate to issue a maximum of 137,110,985 Shares.

### REPURCHASE MANDATE AND EXTENSION MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed that the Repurchase Mandate be granted for the Directors to exercise all powers of the Company to repurchase, on the Stock Exchange, or on any other stock exchange on which the Shares may be listed, Shares up to a maximum of 10% of the nominal share capital of the Company in issue as at the date of passing of the relevant resolution.

In addition, an ordinary resolution regarding the Extension Mandate will be proposed at the Annual General Meeting to authorise the increase in the total number of new Shares which may be allotted and issued under the Issue Mandate (if the grant of which is approved by the Shareholders at the Annual General Meeting) by an additional number representing such number of Shares actually repurchased under the Repurchase Mandate (if the grant of which is approved by the Shareholders at the Annual General Meeting).

Subject to the approval of the above proposals by the Shareholders at the Annual General Meeting, the Issue Mandate and the Repurchase Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the end of the period within which the Company is required by the Companies Law or the Articles to hold its next annual general meeting; or (c) when revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

Under the Listing Rules, the Company is required to give to its Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the proposed grant of the Repurchase Mandate and the Extension Mandate at the Annual General Meeting. An explanatory statement for such purpose is set out in Appendix I to this circular.

### TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF THE NEW SHARE OPTION SCHEME

The Board proposes to the Shareholders to terminate the Existing Share Option Scheme and to adopt the New Share Option Scheme at the Annual General Meeting.

The Existing Share Option Scheme was adopted by the Company on 29 November 2001 which will expire on 28 November 2011. The purpose of the New Share Option Scheme is to enable the Group to grant Options to the Eligible Participants as incentives or rewards for their contribution to the Group. The principal terms of the New Share Option Scheme are set out in Appendix II to this circular. The Directors considered that the New Share Option Scheme, which will be valid for 10 years from the date of its adoption, will provide the Company with more flexibility in long term planning of granting of the share options to eligible persons in a longer period in the future, e.g.

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## LETTER FROM THE BOARD

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considering granting share options after the expiry of the Existing Share Option Scheme. The New Share Option Scheme does not provide for any minimum period for holding of options or any performance target before exercise of options which can provide appropriate incentives or rewards to the Eligible Participants for their contribution to the Group. Under the New Share Option Scheme, the Board will have discretion in determining the Subscription Price (subject to the Listing Rules) in respect of any Option. The Directors are of the view that the flexibility given to the Directors to determine the Subscription Price will place the Group in a better position to reward its employees and retain human resources that are valuable to the growth and development of the Group as a whole.

Adoption of the New Share Option Scheme is subject to the passing of an ordinary resolution by the Shareholders to approve its adoption and to authorise the Directors to grant Options thereunder and to issue and allot Shares pursuant to the exercise of the subscription rights under the Options granted pursuant to the New Share Option Scheme at the Annual General Meeting. No Director has a material interest in the proposed termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme and therefore is not required to abstain from voting on the ordinary resolution in this respect to be considered and approved by the Shareholder at the Annual General Meeting.

The adoption of the New Share Option Scheme will also be conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any Shares which may fall to be issued pursuant to the exercise of the subscription rights attaching to the Options on the Stock Exchange (which may be subject to conditions and limitations). Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the subscription rights attaching to the Options which may be granted under the New Share Option Scheme.

As at the Latest Practicable Date, there were 17,405,675 options granted but not yet exercised under the Existing Share Option Scheme. Such outstanding options under the Existing Share Option Scheme shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme after its termination. Termination of the Existing Share Option Scheme is subject to Shareholders' approval and conditional upon the adoption of the New Share Option Scheme.

### **Value of the Options**

The Directors consider that it is not appropriate to state the value of the Options that may be granted pursuant to the New Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will not be meaningful to the Shareholders and to a certain extent would be misleading to the Shareholders, taking into account the number of variables which are crucial for assessing the value of the Options which have not been determined. Such variables include the Subscription Price, the Option Period and all other relevant variables.

### **Scheme mandate limit and maximum number of Shares issuable**

Subject to obtaining of the Shareholders' approval of the adoption of the New Share Option Scheme, pursuant to Rule 17.03 of the Listing Rules, the total number of Shares which may be issued upon the exercise of all the options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the issued share capital of the Company as at the date of approval of the adoption of the New Share Option Scheme initially. Based on the 685,554,928 Shares in issue as at the Latest Practicable Date and assuming that there is



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## LETTER FROM THE BOARD

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no change in the issued share capital of the Company before the Annual General Meeting, the maximum number of Shares to be issued upon the exercise of Options that may be granted under the New Share Option Scheme under such initial mandate limit is 68,555,492 Shares. The Company may seek approval of the Shareholders in general meetings to refresh the 10% initial mandate limit. Notwithstanding that the mandate limit may be refreshed, the Board shall not grant Options which would result in the maximum aggregate number of Shares which may be issued upon exercise of all the outstanding options granted but yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company which entitle the holders to acquire or subscribe for Shares exceeding, in aggregate, 30% of the issued share capital of the Company from time to time.

### RE-ELECTION OF DIRECTORS

In accordance with Article 108(A) of the Articles, Mr Dong Li Yong, Mr Liu Xiaoguang and Mr Han Run Sheng will retire as Directors by rotation and, being eligible, offer themselves for re-election as Directors at the Annual General Meeting.

Further, in accordance with Article 112 of the Articles, Dr Liu Yongping (appointed by the Board with effect from 15 June 2010) shall hold office only until the first general meeting after his appointment i.e. the Annual General Meeting and, being eligible; offer himself for re-election at the Annual General Meeting:

Brief biographical details of Mr Dong Li Yong, Mr Liu Xiaoguang, Mr Han Run Sheng and Dr Liu Yongping are set out in Appendix III to this circular.

### THE ANNUAL GENERAL MEETING

Resolutions to be proposed at the Annual General Meeting include ordinary resolutions relating to the proposed grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, and the proposed termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme. To the extent that the Directors are aware having made all reasonable enquiries, none of the Shareholders is required to abstain from voting on any resolution at the Annual General Meeting.

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 Annual General Meeting will be taken by way of poll. The chairman of the Annual General Meeting will explain the detailed procedures for conducting a poll at the commencement of the Annual General Meeting.

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

### ACTIONS TO BE TAKEN

At the Annual General Meeting, ordinary resolutions will be proposed to approve, among other matters, the grant of the Issue Mandate, Repurchase Mandate and the Extension Mandate, the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme.

Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time for the Annual

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## LETTER FROM THE BOARD

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General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

### RECOMMENDATION

The Directors believe that the proposed grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme are beneficial to the Company and the Shareholders as a whole.

The Directors believe that an exercise of the Issue Mandate will enable the Company to take advantage of market conditions to raise additional capital for the Company. The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be exercised when the Directors believe that repurchases of Shares will benefit the Company and the Shareholders.

An exercise of the Repurchase Mandate in full may have a material adverse impact on the working capital and/or gearing position of the Company compared with that as at 31 December 2010, being the date of its latest audited consolidated financial statements. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing of the Company.

Accordingly, the Directors recommend Shareholders to vote in favour of the ordinary resolutions for approving the proposed grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, the proposed termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme, and the re-election of the Directors at the Annual General Meeting.

### 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 in this circular or this circular misleading.

### GENERAL INFORMATION

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

### DOCUMENTS AVAILABLE FOR INSPECTION

A summary of the principal terms of the rules of the New Share Option Scheme is set out in Appendix II to this circular. A copy of the rules of the New Share Option Scheme will be available for inspection at the office of the Company 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 Business Day from the date of this circular to and including the date of the Annual General Meeting (and any adjournment thereof, as the case may be).

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## LETTER FROM THE BOARD

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### MISCELLANEOUS

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

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

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information as to the proposed Repurchase Mandate.

### **1. Listing Rules relating to the repurchase of shares**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

### **2. Share capital**

As at Latest Practicable Date, there were a total of 685,554,928 Shares in issue.

Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company will be allowed under Repurchase Mandate to repurchase a maximum of 68,555,492 Shares.

### **3. Reasons for the repurchase**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares are listed. Share repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders.

### **4. Funding of repurchases**

In repurchasing the Company's securities, the Company may only apply funds legally available for the purpose in accordance with the Company's memorandum of association, the Articles, the Companies Law and other applicable laws of the Cayman Islands.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 December 2010, being the date of its latest audited consolidated financial statements. However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

**5. Share prices**

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the 12 calendar months immediately preceding the Latest Practicable Date are as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
April 2010	1.86	1.43
May 2010	1.59	1.20
June 2010	1.32	1.15
July 2010	1.31	0.97
August 2010	1.25	1.02
September 2010	1.47	1.13
October 2010	1.59	1.30
November 2010	1.56	1.30
December 2010	1.37	1.27
January 2011	1.36	1.20
February 2011	1.32	1.18
March 2011	1.29	1.15
April 2011 ( <i>Note</i> )	1.29	1.15

*Note:* up to the Latest Practicable Date

**6. The Takeovers Code and minimum public holding**

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate (if approved to be granted by Shareholders at the Annual General Meeting), such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 or Rule 32 of the Takeovers Code.

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons were directly or indirectly interested in 5% or more of the issued capital of the Company. Their respective interest as at the Latest Practicable Date is shown under the column "Before purchase" while their respective interest in the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the ordinary resolutions in relation to the Repurchase Mandate to be proposed at the Annual General Meeting (and assuming that the issued share capital of the Company remains unchanged up to the date of the Annual General Meeting) is shown under the column "After purchase".

	Before repurchase	After repurchase
Yue Da Group (H.K.) Co., Limited ( <i>Note 1</i> )	36.76% ( <i>Note 1</i> )	40.85%
Jiangsu Yue Da Group Company Limited ( <i>Note 1</i> )	36.76%	40.85%
Feilong Holdings Limited ( <i>Note 2</i> )	5.93%	6.59%
Pure Talent Investments Limited ( <i>Note 2</i> )	5.93%	6.59%
Mr Yang Long ( <i>Note 2</i> )	5.93%	6.59%

*The above are calculated based on issued Shares of 685,554,928 as at the Latest Practicable Date.*

*Notes:*

1. These Shares are registered in the name of Yue Da Group (H.K.) Co., Limited. Jiangsu Yue Da Group Company Limited holds the entire issued share capital of Yue Da Group (H.K.) Co., Limited.
2. The entire issued share capital of Feilong Holdings Limited is held by Pure Talent Investments Limited, which is wholly owned by Mr Yang Long.

On the basis of the shareholding held by the shareholders named above, an exercise of the Repurchase Mandate in full will result in Yue Da Group (H.K.) Co., Limited becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in Yue Da Group (H.K.) Co., Limited becoming obliged to make such a mandatory offer.

Assuming that there is no issue of Shares between the date of this circular and the date of a repurchase and no disposal by any of the substantial Shareholders of their interests in the Shares, an exercise of the Repurchase Mandate whether in whole or in part will not result in less than 25% of the Shares being held by the public. In any event, the Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than 25%.

## **7. Share repurchase made by the Company**

In the six months immediately preceding the Latest Practicable Date, the Company had not repurchased its Shares.

## **8. General**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates have any present intention to sell any Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will only exercise the power of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

No connected person of the Company has notified the Company that he has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any Shares held by him to the Company in the event that the Repurchase Mandate is granted.

The following is a summary of the principal terms of the rules of the New Share Option Scheme proposed to be adopted at the Annual General Meeting.

### **1. PURPOSE OF THE SHARE OPTION SCHEME**

The purpose of the New Share Option Scheme is to enable the Group to grant Options to the Eligible Participants as incentives or rewards for their contribution to the Group.

### **2. WHO MAY JOIN**

The Board may, at its discretion, invite any Eligible Participant to take up Options to subscribe for Shares at a price determined in accordance with paragraph 6 below.

The eligibility of any of the Eligible Participants to an Offer shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group.

### **3. CONDITIONS**

The New Share Option Scheme adopted by the Company at a general meeting of the Shareholders is conditional upon the listing committee of the Stock Exchange granting the listing of and permission to deal in such number of Shares representing the General Scheme Limit (as defined in paragraph 9.2) to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme.

### **4. DURATION AND ADMINISTRATION**

4.1 Subject to paragraph 15, the New Share Option Scheme shall be valid and effective until the Termination Date, after which period no further Options may be issued but the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme.

4.2 The New Share Option Scheme shall be subject to the administration of the Directors whose decision on all matters arising in relation to the New Share Option Scheme or their interpretation or effect shall be final and binding on all persons who may be affected thereby.

### **5. GRANT OF OPTIONS**

5.1 Subject to paragraph 5.2, the Directors shall, in accordance with the provisions of the New Share Option Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of 10 years commencing from the Adoption Date to make an Offer to any person belonging to the following classes of participants to subscribe, and no person other than the Eligible Participant named in such Offer may subscribe, for such number of Shares at such Subscription Price as the Directors shall, subject to paragraph 10, determine:

- (a) any Eligible Employee;
- (b) any non-executive director (including independent non-executive director) of the Company, any of its Subsidiaries or any Invested Entity;

- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the New Share Option Scheme, the Offer may be made to any company wholly owned by one or more Eligible Participants.

5.2 Without prejudice to paragraph 9.4 below, the making of an Offer to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of an Option).

5.3 An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares and the Option Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 21 days from the Offer Date.

5.4 An Offer shall have been accepted by an Eligible Participant in respect of all Shares under the Option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.

5.5 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of \$1.00 by way of consideration for the grant thereof within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.



5.6 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraph 5.5 or 5.6, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the Offer Date. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in paragraph 5.5 or 5.6, it will be deemed to have been irrevocably declined.

5.7 For so long as the Shares are listed on the Stock Exchange:

- (a) an Offer may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules; and
- (b) the Directors may not make any Offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

## **6. SUBSCRIPTION PRICE**

The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to paragraph 10, be at the discretion of the Directors, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the Offer Date;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date; and
- (c) the nominal value of a Share.

## **7. EXERCISE OF OPTIONS**

7.1 An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option granted to such Grantee to the extent not already exercised.

7.2 Unless otherwise determined by the Directors and stated in the Offer to a Grantee, a Grantee is not required to hold an Option for any minimum period nor achieve any performance targets before the exercise of an Option granted to him.

7.3 Subject to the fulfillment of all terms and conditions set out in the Offer, including the attainment of any performance targets stated therein (if any), an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in paragraphs 7.4 and 7.5 by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for Shares in respect of which the notice is

given. Within 21 days (7 days in the case of an exercise pursuant to paragraph 7.4(c)) after receipt of the notice and, where appropriate, receipt of the certificate of the Auditors or the independent financial advisers pursuant to paragraph 10, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a personal representative pursuant to paragraph 7.4(a), to the estate of the Grantee) fully paid and issue to the Grantee (or his estate in the event of an exercise by his personal representative as aforesaid) a share certificate for the Shares so allotted and issued.

7.4 Subject to the terms and conditions of the New Share Option Scheme, an Option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that:

- (a) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the Option in full, his personal representative(s) or, as appropriate, the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 7.3 within a period of 12 months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant Subsidiary or the Invested Entity whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph 7.4(c) or 7.4(d) occur during such period, exercise the Option pursuant to paragraph 7.4 (c) or 7.4 (d) respectively;
- (b) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in paragraph 8.1(c) before exercising the Option in full, the Option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 7.3 within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in sub-paragraph 7.4(c) or 7.4(d) occur during such period, exercise the Option pursuant to paragraph 7.4(c) or 7.4(d) respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with the Company or the relevant Subsidiary or the Invested Entity whether salary is paid in lieu of notice or not;
- (c) if a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to shareholders in the Company, the Grantee shall, notwithstanding any other terms on which his Options were granted, be entitled to exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of paragraph 7.3 at any time thereafter

and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, the Option will lapse automatically (to the extent not exercised) on the date which such offer (or, as the case may be, the revised offer) closed or the relevant record date for entitlements under the scheme of arrangement, as the case may be;

- (d) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two (2) Business Days before the date on which such resolution is to be considered and/or passed, exercise his Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of paragraph 7.3 and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his Option not less than one (1) Business Day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up; and
- (e) if the Grantee is a company wholly owned by one or more Eligible Participants:
  - (i) the provisions of paragraphs 7.4(a), 7.4(b), 8.1(c) and 8.1(d) shall apply to the Grantee and to the Options granted to such Grantee, *mutatis mutandis*, as if such Options had been granted to the relevant Eligible Participant, and such Options shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs 7.4(a), 7.4(b), 8.1(c) and 8.1(d) shall occur with respect to the relevant Eligible Participant; and
  - (ii) the Options granted to the Grantee shall lapse and determine on the date the Grantee ceases to be wholly owned by the relevant Eligible Participant provided that the Directors may in their absolute discretion decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

7.5 Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles of the Company for the time being in force and will rank *pari passu* in all respects with the then existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (“**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

**8. EARLY TERMINATION OF OPTION PERIOD**

8.1 The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall lapse on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraph 7.4;
- (c) in respect of a Grantee who is an Eligible Employee, the date on which the Grantee ceases to be an Eligible Employee by reason of termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or any member of the Group or the Invested Entity into disrepute);
- (d) in respect of a Grantee other than an Eligible Employee, the date on which the Directors shall at their absolute discretion determine that (i) (aa) the Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and any member of the Group or any Invested Entity on the other part; or (bb) the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally or (cc) the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and (ii) the Option shall lapse as a result of any event specified in subparagraph (aa), (bb) or (cc) above; and
- (e) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph 7.1 by the Grantee in respect of that or any other Option.

**9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

9.1 The maximum number of Shares which may be allotted and issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes adopted by the Company shall not exceed 30 per cent. of the share capital of the Company in issue from time to time. No options may be granted under the New Share Option Scheme or any other share option scheme adopted by the Company if the grant of such option will result in the limit referred to in this paragraph 9.1 being exceeded.

9.2 The total number of Shares which may be allotted and issued upon exercise of all Options (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Share Option Scheme and any other share option scheme of the Company) to be granted under the New Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10 per cent. of the Shares in issue at the date of approval of the New Share Option Scheme (“**General Scheme Limit**”) provided that:

- (a) subject to paragraph 9.1 and without prejudice to paragraph 9.2(b), the Company may seek approval of its shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option scheme of the Group must not exceed 10 per cent. of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the New Share Option Scheme and any other share option scheme of the Group) previously granted under the New Share Option Scheme and any other share option scheme of the Group will not be counted; and
- (b) subject to paragraph 9.1 and without prejudice to paragraph 9.2(a), the Company may seek separate shareholders’ approval in general meeting to grant Options under the New Share Option Scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph 9.2(a) to Eligible Participants specifically identified by the Company before such approval is sought.

9.3 Subject to paragraph 9.4, the total number of Shares issued and which may fall to be issued upon exercise of the Options and the options granted under any other share option scheme of the Company (including both exercised or outstanding options) to each Grantee in any 12-month period shall not exceed 1 per cent. of the issued share capital of the Company for the time being. Where any further grant of Options to a Grantee under the New Share Option Scheme would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the New Share Option Scheme and any other share option schemes of the Company in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent. of the Shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such Grantee and his associates abstaining from voting.

9.4 Without prejudice to paragraph 5.2, where any grant of Options to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1 per cent. of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the Offer Date of each Offer, in excess of HK\$5 million;

such further grant of Options must be approved by the shareholders of the Company in general meeting. The Company must send a circular to its shareholders containing the information required under the Listing Rules and where the Listing Rules shall so require, the vote at the shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.

#### **10. ADJUSTMENT TO THE SUBSCRIPTION PRICE**

10.1 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the New Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of the Company, then, in any such case the Company shall instruct the Auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (a) the number or nominal amount of Shares to which the New Share Option Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
- (b) the Subscription Price of any Option; and/or
- (c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remains comprised in an Option,

and an adjustment as so certified by the Auditors or such independent financial adviser shall be made, provided that:

- (a) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company for which such Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
- (b) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (c) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (d) any such adjustment shall be in compliance with the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

In respect of any adjustment referred to in this paragraph 10.1, other than any adjustment made on a capitalisation issue, the Auditors or such independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

**11. CANCELLATION OF OPTIONS**

Subject to paragraph 7.1 and Chapter 17 of the Listing Rules, any Option granted but not exercised may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Directors. Where the Company cancels any Option granted to a Grantee but not exercised and issues new Option(s) to the same Grantee, the issue of such new Option(s) may only be made with available unissued Options (excluding, for this purpose, the Options so cancelled) within the General Scheme Limit or the limits approved by the shareholders of the Company pursuant to paragraph 9.2(a) or 9.2(b).

**12. SHARE CAPITAL**

The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Directors shall make available sufficient authorised but unissued share capital of the Company to allot and issue the Shares on the exercise of any Option.

**13. DISPUTES**

Any dispute arising in connection with the number of Shares, the subject of an Option, or any adjustment under paragraph 10.1 shall be referred to the decision of the Auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

**14. ALTERATION OF THIS SCHEME**

14.1 Subject to paragraph 14.2, the New Share Option Scheme may be altered in any respect by a resolution of the Directors except that:

- (a) the provisions of the New Share Option Scheme as to the definitions of “Eligible Participants”, “Grantee”, “Option Period” and “Termination Date” in the section headed “Definition” of the New Option Scheme;
- (b) the provisions of the New Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules;

shall not be altered to the advantage of Grantees or prospective Grantees without the prior approval of the shareholders of the Company in general meeting.

14.2 Subject to paragraph 14.3, any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of options granted shall be approved by the shareholders of the Company in general meeting except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.

14.3 Any change to the authority of the Directors or the administrators of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by the shareholders of the Company in general meeting.

14.4 Any change in the terms of Options granted to any Grantee who is a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates must be approved by the shareholders of the Company in general meeting.

14.5 The terms of this Scheme and/or any Options amended pursuant to this paragraph 14 must comply with the applicable requirements of the Listing Rules.

## **15. TERMINATION**

The Company by resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme and Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.



The brief biographical details of the Directors eligible for re-election at the Annual General Meeting are set out below:

**Mr Dong Li Yong (“Mr Dong”)**

Mr Dong, aged 40, joined the Group in 1995. Mr Dong has been an executive Director since 2001. While acting as an executive Director, he also holds office of vice chairman of the Board and Chief Executive Officer of the Company. He is primarily responsible for the overall business operations of the Group focusing on strategic planning, business development, investors’ relationship as well as corporate finance. He graduated from the People’s University of China, Beijing in 1995 with a bachelor degree in economics, majored in marketing. In May 2005, Mr Dong graduated from the Haas School of Business, University of California, Berkeley with a master degree in business administration. Mr Dong is also a director of each of Yue Da Mining Limited, Yue Da Infrastructure Limited and eleven other subsidiaries of Yue Da Mining Limited incorporated in the British Virgin Islands, all being direct/indirect subsidiaries of the Company.

Save as disclosed, as at the Latest Practicable Date, Mr Dong did not hold any other major appointments or professional qualifications and had not hold any directorship in any other listed public companies during the last three years immediately preceding the Latest Practicable Date.

Save as disclosed, Mr Dong does not have any relationships with any Directors, senior management or substantial Shareholders or controlling Shareholders of the Company.

*Interests in the Shares*

As at the Latest Practicable Date, Mr Dong had personal interests in 3,000,000 Shares and 1,403,460 underlying Shares of the Company within the meaning of Part XV of the SFO. The 1,403,460 underlying Shares represent Shares which would be allotted and issued upon the exercise in full of the options granted to Mr Dong on 27 May 2009 under the Existing Share Option Scheme with an exercise price of HK\$0.9063 per Share.

*Remuneration*

A service agreement has been entered into between the Company and Mr Dong in respect of his appointment as an executive Director. Mr Dong shall hold the office of executive Director for a term of three years commencing from 2 January 2009, subject to retirement from office by rotation in accordance with the Articles. Pursuant to the service agreement, Mr Dong is entitled to monthly salary of RMB93,800 which was determined by the Board with reference to his performance and contribution to the Group.

**Mr Liu Xiaoguang (“Mr Liu”)**

Mr Liu, aged 57, joined the Group as non-executive Director since January 2007 and re-designated as executive Director since August 2009. He is a senior economist in the PRC. He graduated from Soochow University with a bachelor degree in jurisprudence. He has over 17 years’ experience in corporate planning and management. In 1991, Mr Liu first joined Jiangsu Yue Da Group Company Limited (“**Jiangsu Yue Da**”) and had been an assistant to general manager, deputy general manager and chief secretary to the board of directors of Jiangsu Yue Da. Mr Liu is also a director of Yue Da Group (H.K.) Company Limited (“**Yue Da HK**”). Yue Da HK is a controlling shareholder of the Company and is ultimately wholly-owned by Jiangsu Yue Da.

Save as disclosed, as at the Latest Practicable Date, Mr Liu did not hold any other major appointments or professional qualifications and had not hold any directorship in any other listed public companies during the last three years immediately preceding the Latest Practicable Date.

Save as disclosed, Mr Liu does not have any relationships with any Directors, senior management or substantial Shareholders or controlling Shareholders of the Company.

#### *Interests in the Shares*

As at the Latest Practicable Date, Mr Liu had personal interests in 600,000 Shares and 701,730 underlying Shares of the Company within the meaning of Part XV of the SFO. The 701,730 underlying Shares represent Shares which would be allotted and issued upon the exercise in full of the options granted to Mr Liu on 27 May 2009 under the Existing Share Option Scheme with an exercise price of HK\$0.9063 per Share.

#### *Remuneration*

A service agreement has been entered into between the Company and Mr Liu in respect of his appointment as an executive Director. Mr Liu shall hold the office of executive Director for a term of one year commencing from January 2011, subject to retirement from office by rotation in accordance with the Articles. Pursuant to the service agreement, Mr Liu is not entitled to any director's fee and salaries.

#### **Mr Han Run Sheng (“Mr Han”)**

Mr Han, aged 46, has been an independent non-executive Director since January 2007. He graduated from the Kunming University of Science and Technology with a doctoral degree in mineral resource prospecting and exploration (礦產普查與勘探) and completed the post-doctoral fellowship at the Institute of Geochemistry of the Chinese Academy of Sciences (中國科學院地球化學研究所). Mr Han was a researcher and tutor to doctoral degree candidates at the Kunming University of Science and Technology. Mr Han was also the head of Southwest Geology Survey Centre of the Institute of Mineral and Geology Survey of Non-ferrous Metals (有色金屬礦產地質調查中心西南地質調查所所長) and a part-time professor at Southwest University of Science and Technology. In addition, Mr Han is currently the Cross-Century Young Academic and Technical Leader of the Yunnan Province (雲南省跨世紀中青年學術和技術帶頭人) and the State-level candidate of the project of “Hundreds, Thousands, and Ten Thousands of Talents for the New Century”(新世紀百千萬人才工程) of the Ministry of Education. Mr Han's major areas of research study are the research and teaching of the location forecasting of concealed ore-body, tectonic geochemistry, dynamic tectonic mineralization and mineral and geology survey.

Save as disclosed, as at the Latest Practicable Date, Mr Han did not hold any other major appointments or professional qualifications and had not hold any directorship in any other listed public companies during the last three years immediately preceding the Latest Practicable Date.

Save as his being an independent non-executive Director, Mr Han does not have any relationships with any Directors, substantial Shareholders, controlling Shareholders or senior management of the Company.

#### *Interest in the Shares*

As at the Latest Practicable Date, Mr Han did not have any interest in the Shares or any underlying Shares of the Company within the meaning of Part XV of the SFO.

*Remuneration*

An appointment letter has been entered into between the Company and Mr Han in respect of his appointment as an independent non-executive Director. Mr Han shall hold the office of independent non-executive Director for a term of one year commencing from January 2011, subject to retirement from office by rotation in accordance with the Articles. Pursuant to the appointment letter, Mr Han is entitled to an annual director's fee of HK\$150,000. The director's fee payable to Mr Han was determined by the Board with reference to the experience of Mr Han and the prevailing practice in the industry.

**Dr Liu Yongping (“Dr Liu”)**

Dr Liu, aged 55, is a consultant of a firm of solicitors in Hong Kong. Dr Liu graduated from Renmin University of China (中國人民大學) in 1983 with a bachelor degree in law, and graduated from the University of London in 1987 with a master degree in law. In 1994, Dr Liu graduated from the University of Oxford with a doctor of philosophy. Previously, Dr Liu worked for the People's Government of Beijing. At present, Dr Liu is a practicing solicitor in Hong Kong. Dr Liu has profound knowledge in the laws of the PRC, Hong Kong and England. Since 1994, Dr Liu has embarked in areas on listing application for PRC-based companies in Hong Kong and work on merger and acquisition. Dr Liu is acquainted with matters concerning the Listing Rules.

Save as disclosed, as at the Latest Practicable Date, Dr Liu did not hold any other major appointments or professional qualifications and had not hold any directorship in any other listed public companies during the last three years immediately preceding the Latest Practicable Date.

Save as his being an independent non-executive Director, Dr Liu does not have any relationships with any Directors, substantial Shareholders, controlling Shareholders or senior management of the Company.

*Interest in the Shares*

As at the Latest Practicable Date, Dr Liu did not have any interest in the Shares or any underlying Shares of the Company within the meaning of Part XV of the SFO.

*Remuneration*

An appointment letter has been entered into between the Company and Dr Liu in respect of his appointment as an independent non-executive Director. Dr Liu shall hold the office of independent non-executive Director for a term of one year commencing from 15 June 2010, subject to retirement from office by rotation in accordance with the Articles. Pursuant to the appointment letter, Dr Liu is entitled to an annual director's fee of HK\$150,000. The director's fee payable to Dr Liu was determined by the Board with reference to the experience of Dr Liu and the prevailing practice in the industry.

**General**

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders nor other information to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules (particularly in relation to sub-paragraphs (h) to (v) therein), in relation to the proposed re-election of Mr Dong, Mr Liu, Mr Han and Dr Liu.



**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 THE ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the annual general meeting (“**Annual General Meeting**”) of Yue Da Mining Holdings Limited (“**Company**”) will 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 on 9 June 2011 at 10:00 a.m. to consider and, if thought fit, transact the following business:

**ORDINARY BUSINESS**

1. To receive and consider the audited consolidated financial statements and the reports of the directors of the Company (“**Directors**”) and the Company’s auditors for the year ended 31 December 2010;
2. The re-election of the retiring Directors and the other matters set out in this resolution to be considered and (if considered appropriate by shareholders) passed as a separate resolution to re-elect the retiring Directors (namely, Mr Dong Li Yong, Mr Liu Xiaoguang, Mr Han Run Sheng and Dr Liu Yongping), to fix the maximum number of Directors for the time being at 20, and to authorise the board of the Directors (“**Board**”) to fill vacancies on the Board, to fix the Directors’ remuneration and to fix the remuneration of any committee of the Board;
3. To re-appoint the Company’s independent auditors and to authorise the Board to fix their remuneration;

**SPECIAL BUSINESS**

To consider and, if thought fit, pass the following resolutions as ordinary resolutions (with or without modification):

4. “**THAT:**
  - (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), the exercise by the Directors during the Relevant Period of all the powers of the Company to allot, issue and deal with the unissued shares (each, a “**Share**”) of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

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- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period (as defined in paragraph (d) below) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
  
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue; or (ii) the exercise of any options granted under all share option schemes of the Company adopted from time to time in accordance with the Listing Rules; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of associations of the Company (“**Articles**”) in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares shall not exceed the aggregate of:
  - (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
  
  - (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
  
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or the applicable law of the Cayman Islands to be held; or
  
- (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having

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regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period of all powers of the Company to purchase Shares (each, a Share) of HK\$0.10 each in the capital of the Company on The Stock Exchange of the Hong Kong Limited (**“Stock Exchange”**), or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Law (**“Companies Law”**), Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period (as defined in paragraph (c) below) shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, **“Relevant Period”** means the period from the date of the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or the applicable law of the Cayman Islands to be held; or
  - (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by this resolution.”

6. **“THAT** conditional on the passing of resolutions numbered 4 and 5 above, the Issue Mandate granted to the Directors pursuant to paragraph (a) of resolution numbered 4 above be and it is hereby extended by the addition to the aggregate nominal amount of the Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to or in accordance with such Issue Mandate of an amount representing the aggregate nominal amount of the share capital of the Company purchased or agreed to be purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 5 above.”

7. **“THAT** the share option scheme of the Company (**“New Share Option Scheme”**), the rules of which are contained in the document marked **“A”** produced to the meeting and, for the purposes of identification, signed by the chairman of the meeting and summarised in the circular of the Company dated 29 April 2011, be hereby approved and adopted and the

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Directors be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme including without limitation:

- (a) administering the New Share Option Scheme and granting options under the New Share Option Scheme;
- (b) modifying and/or amending the rules of the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment and the requirements of the Listing Rules;
- (c) issuing and allotting from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted under the New Share Option Scheme;
- (d) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may from time to time be issued and allotted pursuant to the exercise of the options granted under the New Share Option Scheme; and
- (e) conditional upon the New Share Option Scheme becoming unconditional, the existing share option scheme of the Company which was adopted by the Company on 29 November 2001 be terminated with effect from the date on which this resolution shall become unconditional.”

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

Hong Kong, 29 April 2011

*Registered office:*

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Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business in Hong Kong:*

Office nos. 3321-3323 and 3325  
33/F, China Merchants Tower  
Shun Tak Centre  
No. 168-200 Connaught Road Central  
Hong Kong

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### Notes:

- 1 A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the Articles, vote in his stead. A proxy need not be a member of the Company.
- 2 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 notarially certified copy of such power or authority must be deposited at the Company's Hong Kong branch registrar, 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 Annual General Meeting or any adjournment thereof.
- 3 In relation to proposed resolution no. 2, Mr Dong Li Yong, Mr Liu Xiaoguang, Mr Han Run Sheng and Dr Liu Yongping will retire from their office as Directors at the Annual General Meeting pursuant to the Articles and, being eligible, offer themselves for re-election.
- 4 In relation to proposed resolution numbered 4 above, approval is being sought from the shareholders of the Company for the grant to the Directors of a general mandate to authorise the allotment and issue of Shares under the Listing Rules. The Directors have no immediate plans to issue any new Shares under such general issue mandate to be sought at the Annual General Meeting other than Shares which may fall to be issued under the Share Option Scheme or any scrip dividend scheme which may be approved by shareholders of the Company.
- 5 In relation to proposed resolution numbered 5 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders of the Company to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in Appendix I to the circular of which this notice of the Annual General Meeting forms part.
- 6 Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the Annual General Meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- 7 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 Annual General 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 of 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.*