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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)

DISCLOSEABLE TRANSACTION: DISPOSAL OF THE SALE SHARES AND SALE LOAN IN THE TARGET BVI COMPANIES

On 16 August 2011, the Vendor entered into a Disposal Agreement with the Purchaser for the Disposal of the Sale Shares and the Sale Loan.

The Consideration for the Disposal was RMB91,000,000 (equivalent to approximately HK\$109,638,554.22).

Upon completion of the Disposal, the Vendor will not be involved in the management, financial and operating decisions, and day to day operations of each of the Target BVI Companies. Accordingly, the Target BVI Companies and the Target PRC Companies will cease to be subsidiaries of the Company, and the financial results of the Target BVI Companies and the Target PRC Companies will not be consolidated into the consolidated financial statements of the Company. The remaining 49% interest of each of the Target BVI Companies owned by the Vendor will, after such completion, be classified as available for sale securities of the Group.

As the applicable percentage ratios for the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules.

THE DISPOSAL AGREEMENT DATED 16 AUGUST 2011

Parties to the Disposal Agreement

Purchaser: Feng Hua Group Limited (豐華集團有限公司)

Vendor: Yue Da Mining Limited (悦達礦業有限公司), a wholly owned subsidiary of the Company

Concurrently upon the Purchaser and the Vendor entering into the Disposal Agreement, the Purchaser entered into transfer documents pursuant to which the Purchaser has acquired the 9.9% interest in each of the Target BVI Companies from Vision Bond. Save as aforesaid, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

Assets to be disposed of: The Sale Shares (representing 41.1% of the entire issued share capital of each of the Target Companies) and the Sale Loan (which currently has the amount of RMB31,902,677.12).

The Vendor is a direct wholly-owned subsidiary of the Company. Immediately before the signing of the Disposal Agreement, it is the owner of 90.1% interest in each of the Target BVI Companies (which in turn are the sole holding companies of the respective Target PRC Companies), and Vision Bond is the owner of the remaining balance of 9.9% interest in each of the Target BVI Companies.

As mentioned above, concurrently upon the Purchaser and the Vendor entering into the Disposal Agreement, the Purchaser entered into transfer documents pursuant to which the Purchaser has acquired the 9.9% interest in each of the Target BVI Companies from Vision Bond.

Immediately after completion of the Disposal, the Vendor will hold 49% interest in each of the Target BVI Companies and the Purchaser will hold 51% interest in each of the Target BVI Companies.

Consideration

The Consideration for the Disposal was RMB91,000,000 (equivalent to approximately HK\$109,638,554.22), which shall be payable by the Purchaser upon the completion of the Disposal.

Under the Disposal Agreement, the Consideration will not be adjusted regardless of the actual amount of the Sale Loan to be transferred to the Purchaser at completion.

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendor with reference to, among other things, the value of the Sale Loan as well as the total unaudited consolidated net assets value of the Target BVI Companies as at 31 March 2011 of approximately RMB143,476,000.

It is expected that immediately after completion of the Disposal, a total sum of RMB38,034,821.88 (which is unsecured and interest free) will remain payable by the Target BVI Companies to the Vendor. Under the shareholders agreements to be made between the Vendor and the Purchaser at completion of the Disposal, amongst others, (i) repayment of any loan owing by the Target Companies to its shareholders will be paid in priority to the Vendor, and no repayment will be made to the Purchaser unless and until the full repayment of the entirety of the loans owing by the respective Target Companies to the Vendor; (ii) such sum of RMB38,034,821.88 shall be repaid to the Vendor in full on or before 30 June 2012.

The Directors (including the independent non-executive Directors) consider the Consideration is fair and reasonable to the Group and on normal commercial terms and that the entering into of the Disposal Agreement is in the interest of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the disposal is subject to the following conditions having been fulfilled:

1. there shall not be any material breaches of the representations and warranties given by the Vendor in the Disposal Agreement; and
2. the Purchaser being reasonably satisfied with the result of the legal and accounting due diligence of the Target Group.

If the conditions set out above have not been satisfied on or before 31 December 2011 (or such other date as agreed between the parties), the Disposal Agreement shall cease and terminate and none of the parties shall have any claim against or liability to the other parties under the Disposal Agreement save as otherwise specified in the Disposal Agreement and save in respect of any antecedent breaches of the Disposal Agreement.

Completion

Completion of the Disposal shall take place on the Completion Date.

Upon completion of the Disposal, the Vendor (being a wholly owned subsidiary of the Company) will hold 49% interest in each of the Target Companies.

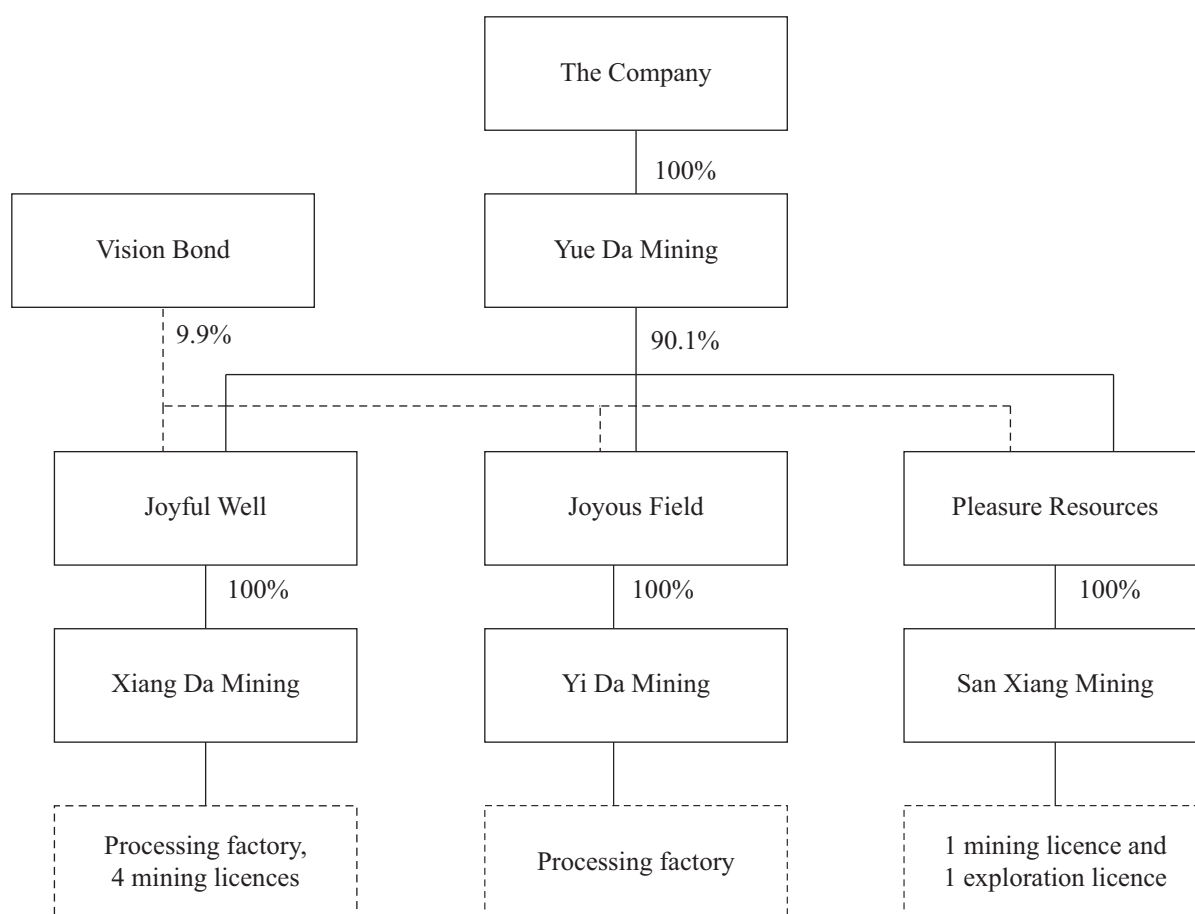
It is provided under the Disposal Agreement that at its completion, shareholders agreements in respect of each Target BVI Company will be made between the Vendor and the Purchaser. Under such shareholders agreements, amongst others, (i) the Purchaser is entitled to appoint three directors to the board of each of the Target BVI Companies while the Vendor will not be entitled to appoint any director to such Target BVI Companies; (ii) the Vendor will not be involved in the management, financial and operating decisions, nor the day-to-day operations of each of the Target BVI Companies and future operations of the Target BVI Companies shall be funded solely by the Purchaser when necessary; (iii) payment of dividend, if any, shall not exceed 50% of the consolidated net profit after tax of the respective Target BVI Company together with its subsidiaries of the corresponding financial year; (iv) Target BVI Companies and Target PRC Companies shall not advance any loan to their respective shareholders, directors and its associates; (v) matters which shall be approved by all shareholders of the respective Target BVI Company in writing include but not limited to disposal of assets, amendment of constitutive documents, establishment of subsidiaries, voluntary liquidation, change of scope of business, etc.; and (vi) the parties to the shareholder agreements shall have rights of first refusal in the event of sale of the shares in the respective Target BVI Company by the other party to a third party.

For the above reasons, upon completion of the Disposal, the Target BVI Companies and the Target PRC Companies will cease to be subsidiaries of the Company. Their financial results will not be consolidated into the consolidated financial statements of the Company. Accordingly the remaining 49% interest of each of the Target BVI Companies owned by the Vendor will be classified as available-for-sale-securities of the Group.

INFORMATION OF THE PURCHASER AND THE TARGET GROUP

The Purchaser is a company incorporated in BVI on 3 June 2011. Save for the entering into the Disposal Agreement, the Purchaser has not conducted any business since its incorporation and does not have any material assets.

Each of the Target PRC Companies is solely owned by the respective Target BVI Companies. Immediately before the entering into of the Disposal Agreement, each of the Target BVI Companies were owned as to 9.9% by Vision Bond and 90.1% by the Vendor respectively.



Each of the Target BVI Companies is a company incorporated in BVI and is an investment holding company, which directly owns the entire equity interest in the corresponding Target PRC Companies. The Target PRC Companies are holders of certain exploration and mining licences in respect of certain mines located at Wengniuteqi, Chifeng City, Inner Mongolia, the PRC. The predominant minerals in the mines are lead and zinc. The Target PRC Companies are principally engaged in the exploration, mining and processing of lead ore and zinc ore extracted from these mines.

Based on the unaudited consolidated financial statements of the Target Group made as at 31 December 2010, the book value of the total assets of each of the Target Group companies is:

Target Group companies	Consolidated total asset (RMB'000)
Joyful Well and Xiang Da Mining	26,629
Joyous Field and Yi Da Mining	26,083
Pleasure Resources and San Xiang Mining	265,933

Based on the unaudited consolidated financial statements of the Target Group, the unaudited loss on ordinary activities before and after tax of the Target Group for the year ended 31 December 2009 and 31 December 2010 are as follows:

31 December 2009:

Target Group companies	Loss before/after tax (RMB'000)
Joyful Well and Xiang Da Mining	5,902
Joyous Field and Yi Da Mining	3,407
Pleasure Resources and San Xiang Mining	4,349

31 December 2010:

Target Group companies	Loss before/after tax (RMB'000)
Joyful Well and Xiang Da Mining	3,522
Joyous Field and Yi Da Mining	3,804
Pleasure Resources and San Xiang Mining	4,274

REASONS FOR AND BENEFIT OF THE DISPOSAL

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 Directors constantly reviews the Company's business strategy in maximizing the value of the Company and its Shareholders. The mines of the Target BVI companies are of relatively lower grade and the Target BVI companies are operating at a loss for the year ended 31 December 2009 and 2010. The Directors consider the Disposal can release funds for higher return potential investment and working capital of the Group.

The Directors believe that the terms of the Disposal are fair and reasonable and are in the interest of the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

Subject to audit, it is presently estimated that the Group will not have significant profit/loss arising from the Disposal, which is calculated based on the net proceeds of approximately RMB90,800,000 from the Disposal less the book value of the Sale Shares and the Sale Loan of approximately RMB90,871,000 as at 31 March 2011. Upon completion of the Disposal, the remaining aggregate book value of the 49% interests in the Target BVI Companies is approximately RMB108,338,190 (including the amount of RMB38,034,821.88 owed by the Target BVI Companies to the Vendor). The net proceeds received by the Group are intended to be used as its working capital and other potential investment.

GENERAL

As the applicable percentage ratios (as defined under the Listing Rules) for the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“BVI”	British Virgin Islands
“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
“Completion Date”	the next business day after all conditions precedents to completion of the Disposal Agreement are satisfied (or such other date as may be agreed by both parties)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB91 million, the total consideration of the Disposal
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Vendor
“Disposal Agreement”	the disposal agreement dated 16 August 2011 and entered into between the Vendor and the Purchaser
“Group”	collectively, the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Feng Hua Group Limited (豐華集團有限公司), a company incorporated in BVI and which is owned by an Independent Third Party
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	a shareholder’s loan of RMB31,902,677.12 owed by the Target BVI Companies to the Vendor
“Sale Shares”	41.1% interest of each of the Target BVI Companies
“Shareholder(s)”	holder(s) of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target BVI Companies”	Pleasure Resources Limited (愉悅資源有限公司), Joyous Field Investments Limited (悅田投資有限公司) and Joyful Well Investments Limited (悅偉投資有限公司), each a company incorporated in the British Virgin Islands, each which immediately before the Disposal was owned as to 90.1% by the Vendor and 9.9% by the Purchaser
“Target Group”	Target BVI Companies and Target PRC Companies
“Target PRC Companies”	Weng Niu Te Qi San Xiang Mining Co., Ltd (翁牛特旗三湘礦業有限責任公司), Chi Feng Yi Da Mining Co., Ltd. (赤峰市億達礦業有限公司) and Weng Niu Te Qi Xiang Da Mining Co., Ltd. (翁牛特旗湘大礦業有限責任公司), each a company incorporated in the PRC, and a wholly owned subsidiary of Pleasure Resources Limited, Joyous Field Investments Limited, and Joyful Well Investments Limited respectively
“Vendor”	Yue Da Mining Limited (悅達礦業有限公司), a company incorporated in the British Virgin Islands and a direct wholly owned subsidiary of the Company
“Vision Bond”	Vision Bond Investments Limited, a company incorporated in BVI, which is owned by an Independent Third Party and which owns 9.9% interest in each of the Target BVI Companies
“%”	per cent

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB0.83 to HK\$1.00, and vice versa. Such exchange rate has been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts were or may have been exchanged at such rate or any other rates or at all.

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

Hong Kong, 16 August 2011

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