YUE DA MINING HOLDINGS LIMITED
悅達礦業控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 629)

Interim Results Announcement
For the Six Months Ended 30th June, 2011

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Yue Da Mining Holdings Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30th June, 2011 (the "Period") together with the comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30th June, 2011

		Six months ended	
	Notes	**30.6.2011**	30.6.2010
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*3*	**231,475**	158,930
Cost of sales		**(142,235)**	(73,455)
Direct operating costs		**(19,434)**	(20,399)
Gross profit		**69,806**	65,076
Other income		**3,131**	1,625
Other gains and losses	*4*	**43,259**	2,421
Gain on bargain purchase of acquisition of subsidiaries		**—**	13,405
Administrative expenses		**(38,198)**	(27,212)
Finance costs	*5*	**(13,608)**	(13,134)
Other expenses	*6*	**—**	(1,313)
Profit before tax		**64,390**	40,868
Income tax expense	*7*	**(7,508)**	(8,328)
Profit and total comprehensive income for the period	*8*	**56,882**	32,540
Profit and total comprehensive income for the period attributable to:			
— Owners of the Company		**58,851**	28,614
— Non-controlling interests		**(1,969)**	3,926
		56,882	32,540
Earnings per share			
— Basic	*10*	**8.58 cents**	5.12 cents
— Diluted	*10*	**8.54 cents**	5.05 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2011

	Notes	30.6.2011 RMB'000 (unaudited)	31.12.2010 RMB'000 (audited)
Non-current Assets			
Property, plant and equipment		**184,684**	202,670
Prepaid lease payments		**2,439**	2,504
Mining rights		**1,240,012**	1,507,303
Goodwill		**482**	482
Other intangible assets		**51,134**	63,938
Long term deposits		**4,728**	7,455
Other financial asset		**—**	23,604
		1,483,479	1,807,956
Current Assets			
Prepaid lease payments		**208**	208
Inventories		**23,847**	32,957
Trade and other receivables	*11*	**90,228**	68,720
Amounts due from related companies	*12*	**30,621**	32,392
Bank balances and cash		**118,421**	253,741
		263,325	388,018
Assets classified as held for sales		**299,605**	—
		562,930	388,018
Current Liabilities			
Trade and other payables	*13*	**64,055**	49,885
Amount due to a related company		**5,219**	25,996
Amounts due to directors		**257**	344
Taxation payable		**9,272**	9,342
Promissory notes — due within one year		**—**	40,957
Bank borrowings — due within one year		**280,488**	250,262
		359,291	376,786
Liabilities directly associate with assets classified as held for sales		**65,878**	—
		425,169	376,786
Net Current Assets		**137,761**	11,232
Total Assets Less Current Liabilities		**1,621,240**	1,819,188

	Notes	30.6.2011	31.12.2010
		RMB'000	*RMB'000*
		(unaudited)	(audited)
Capital and Reserves			
Share capital		**64,874**	64,773
Reserves		**927,393**	863,233
Equity attributable to owners of the Company		**992,267**	928,006
Non-controlling interests		**209,765**	271,745
Total equity		**1,202,032**	1,199,751
Non-current Liabilities			
Other payables		**21,934**	22,106
Promissory notes — due after one year		**35,785**	54,668
Bank borrowings — due after one year		**—**	87,592
Consideration payable for acquisition of subsidiaries		**24,278**	55,984
Provisions		**250**	2,496
Deferred tax liabilities		**305,882**	364,315
Deferred income		**31,079**	32,276
		419,208	619,437
		1,621,240	1,819,188

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2011

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 Interim Financial Reporting.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2010.

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosure set out in these condensed consolidated financial statements.

HKFRSs ISSUED BUT NOT YET EFFECTIVE

The Group has not early applied the following new and revised Hong Kong Accounting Standards, HKFRSs and amendments that have been issued but are not yet effective.

HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosures of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[3]
HKAS 19 (Revised 2011)	Employee Benefits[2]
HKAS 27 (Revised 2011)	Separate Financial Statements[2]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2012.
4 Effective for annual periods beginning on or after 1 July 2012.

The directors of the Company anticipate that the application of the new or revised standards and amendments will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment are as follows:

— exploration, mining and processing of zinc, lead, iron and gold and trading of iron ore and related products ("Mining & Mineral Trading Operations")

— management and operation of toll highway and bridge ("Toll Road Operations")

The following is an analysis of the Group's revenue and results by operating and reportable segments for the period under review:

Six months ended 30th June, 2011

	Mining & Mineral Trading Operations *RMB'000*	Toll Road Operations *RMB'000*	Consolidated *RMB'000*
SEGMENT REVENUE			
External sales	**215,262**	**16,213**	**231,475**
SEGMENT RESULTS			
Segment profit (loss)	**56,619**	**(6,473)**	**50,146**
Interest income			**3,131**
Fair value change in contingent consideration			**44,186**
Other gains and losses			
— Net foreign exchange gains			**2,661**
— Gain on change in fair value of financial asset designated as at fair value through profit or loss ("FVTPL")			**641**
— Loss arising on early repayment of consideration payable for acquisition of subsidiaries			**(3,750)**
— Loss arising on early repayment of promissory notes			**(446)**
Central administration costs			**(18,571)**
Finance costs			**(13,608)**
Profit before tax			**64,390**

Six months ended 30th June, 2010

	Mining & Mineral Trading Operations *RMB'000*	Toll Road Operations *RMB'000*	Consolidated *RMB'000*
SEGMENT REVENUE			
External sales	126,982	31,948	158,930
SEGMENT RESULTS			
Segment profit	43,102	8,249	51,351
Interest income			1,625
Other gains and losses			
— Gain on bargain purchase of acquisition of subsidiaries			13,405
— Net foreign exchange gains			1,342
— Gain on change in fair value of financial asset designated as at FVTPL			964
— Loss arising on early repayment of consideration payable for acquisition of subsidiaries			(1,006)
Central administration costs			(12,366)
Finance costs			(13,134)
Other expenses			(1,313)
Profit before tax			40,868

Segment profit (loss) represents the profit (loss) resulted in each segment without allocation of interest income, other income, gains and losses as described above, central administration costs, finance costs and other expenses. This is the measure reporting to the executive directors of the Company for the purposes of resource allocation and performance assessment.

Amounts of segment assets and liabilities of the Group are not reviewed by the CODM or otherwise regularly provided to the CODM, accordingly, segment assets and liabilities are not presented.

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2011	30.6.2010
	RMB'000	*RMB'000*
Fair value change in contingent consideration *(note)*	**44,186**	—
Net foreign exchange gains	**2,661**	1,342
Gain on change in fair value of financial asset designated as at FVTPL	**641**	964
Others	**—**	1,148
Loss arising on early repayment of consideration payable for acquisition of subsidiaries	**(3,750)**	(1,006)
Loss arising on early repayment of promissory notes	**(446)**	—
Loss on disposal of property, plant and equipment	**(33)**	(27)
	43,259	2,421

note: During the year ended 31st December, 2010, the Group completed the acquisition of the entire equity interest in Absolute Apex Limited, an investment holding company (the "Acquisition"), from Bright Harvest Holdings Limited ("Bright Harvest"), an independent third party. Absolute Apex Limited owned the entire equity interest in Ample Source Investment Limited, which owned 70% equity interest in Tong Ling Guan Hua Mining Company Limited ("Tong Ling Guan Hua"), which are engaged in investment holding, and mining and processing of gold, respectively. Bright Harvest has also agreed to compensate the Group in relation to the shortfall of performance by Tong Ling Guan Hua for certain periods. There was a shortfall of performance for contingent consideration relating to the period from 1st July, 2010 to 30th June, 2011. The shortfall was mainly due to an unanticipated temporary suspension of mining operation for regional safety inspection by local government authority from March 2011 to May 2011. As a result, a fair value change in contingent consideration of RMB44,186,000 was recognised in the condensed consolidated statement of comprehensive income for the six months ended 30th June, 2011. It was settled by an offset against the promissory note issued in prior year as part of the consideration for the Acquisition. It is expected the performance of the Tong Ling Guan Hua will be back on track and the fair value of contingent consideration for the remaining periods is insignificant as at the end of the reporting period.

5. FINANCE COSTS

	Six months ended	
	30.6.2011	30.6.2010
	RMB'000	*RMB'000*
Interest on bank borrowings wholly repayable within five years	**6,132**	5,535
Effective interest on promissory notes	**3,641**	2,579
Imputed interest on:		
— interest-free amount due to a related company	**1,133**	938
— consideration payable for acquisition of subsidiaries	**1,411**	3,002
— other payables	**1,197**	999
— provisions	**94**	81
	13,608	13,134

6. OTHER EXPENSES

Other expenses represented acquisition-related costs of RMB1,313,000 in relation to the acquisition of subsidiaries in prior year.

7. INCOME TAX EXPENSE

	Six months ended	
	30.6.2011	30.6.2010
	RMB'000	*RMB'000*
PRC Enterprise Income Tax		
— current period	**8,300**	8,063
Deferred tax		
— current period *(note)*	**(792)**	265
	7,508	8,328

note: Included in the deferred tax, an amount of approximately RMB3,852,000 (2010: RMB2,234,000) was charged to profit or loss in the condensed consolidated statement of comprehensive income in respect of temporary difference associated with the undistributed earnings of subsidiaries.

The income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong. Taxation arising in the PRC is recognised based on the estimated average annual tax rate of 15% for the six months ended 30th June, 2011 (2010: 15%).

8. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

	Six months ended	
	30.6.2011	30.6.2010
	RMB'000	*RMB'000*
Profit for the period has been arrived at after charging (crediting) the following items:		
Amortisation of mining rights included in cost of sales	**17,347**	11,287
Amortisation of other intangible assets included in direct operating costs	**12,777**	12,178
Depreciation of property, plant and equipment	**12,021**	10,756
Release of prepaid lease payments	**65**	65
Total depreciation and amortisation	**42,210**	34,286
Cost of inventories sold	**142,235**	73,455
Interest income	**(1,934)**	(626)
Imputed interest income or deferred income	**(1,197)**	(999)
Share-based payments expense	**227**	2,025

9. DIVIDEND

No dividends were paid, declared or proposed during the reporting period. The directors of the Company do not recommend the payment of an interim dividend for both periods.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.6.2011	30.6.2010
	RMB'000	*RMB'000*
Earnings		
Profit for the purposes of basic and diluted earnings per share and profit for the period attributable to owners of the Company	**58,851**	28,614
Number of shares	***Number***	*Number*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**685,822,112**	559,397,027
Effect of dilutive potential ordinary shares — share options	**3,694,939**	7,142,043
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**689,517,051**	566,539,070

11. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 60 — 90 days to its trade customers. The following is an analysis of trade receivables and bills receivables by age, presented based on the invoice date.

	30.6.2011	31.12.2010
	RMB'000	*RMB'000*
0–60 days	**53,840**	59,078
60–90 days	**18,560**	3,000
Over 90 days	**16,000**	—
	88,400	62,078

12. AMOUNTS DUE FROM RELATED COMPANIES

The Group allows its related companies an average credit period of 60 days. The following is an aged analysis of amounts due from related companies which are principally trade nature based on the invoice date.

	30.6.2011	31.12.2010
	RMB'000	*RMB'000*
0–60 days	**14,476**	12,539

13. TRADE AND OTHER PAYABLES

The average credit period on purchases of goods is 60 days. The following is an analysis of trade payables by age, presented based on the invoice date.

	30.6.2011	31.12.2010
	RMB'000	RMB'000
0–60 days	**6,322**	5,597

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

Turnover and gross operating profit of the Group for the six months ended 30th June, 2011 (the "Period") amounted to RMB231,475,000 and RMB69,806,000, representing an increase of approximately 45.65% and 7.27% respectively, over the same period in 2010. The profit and total comprehensive income attributable to the owners of the Company for the Period was RMB58,851,000 (corresponding period of last year: RMB28,614,000) and basic earnings per share was RMB8.58 cents (corresponding period of last year: RMB5.12 cents).

Interim Dividend

The Board did not recommend the payment of any interim dividend for the Period.

Business Review

The Group is principally engaged in exploration, mining, cleansing and processing of metal minerals (the "Mining Operations") and trading of iron ore and related products ("the Mineral Trading Operations", altogether "Mining and Mineral Trading Operations") and the operation of a toll road (the "Toll Road Operations").

Mining and Mineral Trading Operations

During the Period, the Mining and Mineral Trading Operations realized an operating revenue of RMB215,262,000 (corresponding period of last year: RMB126,982,000) with a segment profit of RMB56,619,000 (corresponding period of last year: RMB43,102,000). The Mining Operations (excluding Mineral Trading Operations) recorded an operating revenue of RMB171,569,000 (corresponding period of last year: RMB126,982,000) with a gross profit of RMB71,397,000 (corresponding period of last year: RMB53,527,000) and gross profit margin of approximately 41.61% (corresponding period of last year: 42.15%). The Group started Mineral Trading Operation from December 2010. During the Period, the Mineral Trading Operations recorded an operating revenue of RMB43,693,000 (corresponding period of last year: nil) and a gross profit of RMB1,630,000 (corresponding period of last year: nil).

The ores extracted during the Period amounted to 534,694 tons, representing an increase of 85.71% over 287,922 tons in the corresponding period of last year, with a unit mining cost (including gold ores) of approximately RMB81 per ton (corresponding period of last year: RMB89 per ton) and a unit processing cost (including gold ores) of approximately RMB46 per ton (corresponding period of last year: RMB60 per ton). The Mining Operations included the processing of metal ore concentrates such as zinc ore concentrates of 2,425 metal tons (corresponding period of last year: 3,225 metal tons), lead ore concentrates of 972 metal tons (corresponding period of last year: 1,657 metal tons), silver of 1,197 kilograms (corresponding period of last year: 1,602 kilograms), iron ore concentrates of 125,933 tons (corresponding period of last year: 91,093 tons) and gold of 97.09 kilograms (corresponding period of last year: nil). During the Period, the metal ore concentrates were sold at an average price of RMB9,518 per metal ton for zinc ore concentrates (corresponding period of last year: RMB9,079 per metal ton), RMB16,878 per metal ton for lead ore concentrates (with silver content) (corresponding period of last year: RMB12,443 per metal ton), RMB678 per ton for iron ore concentrates (corresponding period of last year: RMB480 per ton) and RMB299 per gram of gold (corresponding period of last year: nil).

Amidst the negative impact of the global financial turmoil that surfaced in the third quarter of 2008, both sale prices of and demands for zinc, lead, iron and gold ore concentrates have started to improve since the third quarter of 2009 after the slow recovery of the world's economy to the present. As a result of the improvement in prices and demands, both revenue and segment profit of Mining Operations have increased.

Tengchong Ruitu Mining and Technology Company Limited ("Tengchong Ruitu") completed the project of upgrading the technology and enhancing the production capacity of its plant and its operations commenced as planned. The production of the mine No. 10 commenced successfully, thus providing a strong assurance of a daily ores processing volume of 2,000 tons.

Baoshan Feilong Nonferrous Metal Co., Ltd. ("Baoshan Feilong") has further strengthened its effort in exploration activities and has made smooth progress as planned. The processing plant achieved remarkable results in its technology improvements, and plays a catalytic part in improving grade and the extent of recovery of ore concentrates. On 8th April, 2011, the Group acquired additional 8.5% equity interests and related shareholder's loan in Baoshan Feilong. After the acquisition, Baoshan Feilong has become an indirectly wholly-owned subsidiary of the Group. More details of the acquisition were included in the section headed "Acquisition of additional 8.5% interests in Baoshan Feilong".

Yaoan Feilong Mining Co., Ltd. ("Yaoan Feilong") achieved a better result in mining activities of mine No. 8 in order to supply ores required by the processing plant for its normal production. Upon the completion of production optimization and technology improvements of the processing plant, the grade and the extent of recovery of ore concentrates has been improved.

On 16th August, 2011, the Group entered into a disposal agreement for the disposal of 41.1% equity interests in and related shareholder's loan to companies where the mining project located in Wengniute Banner of Inner Mongolia ("Wengniute Banner"). More details of the disposal were included in the section headed "Event after the end of the interim reporting period".

On 30th June, 2010, the Group completed the acquisition of 70% equity interests in Tong Ling Guan Hua Mining Company Limited ("Tong Ling Guan Hua") which is the holder of mining rights of a gold mine and an exploration licence of an iron mine in Anhui Province, the People's Republic of China (the "PRC"). The Group has during the period after the acquisition up to 30th June, 2011 focus on improving technology and increasing production capacity. During the Period, the Group has received a compensation of approximately RMB44,186,000 form profit guarantee due to an unanticipated temporary suspension of mining operation for regional safety inspection by local government authority from March 2011 to May 2011. Since August 2011, Tong Ling Guan Hua has been under full production capacity.

To strengthen the upstream development of the Group, on 28th April 2011, the Company entered into a geological exploration strategic services agreement with Jiangsu East China Geological Surveying Company Limited ("Jiangsu East China") for the supply of geological exploration technical support and advisory services by Jiangsu East China in respect of the Group's mining resources exploration projects within and outside China for a period of ten years commencing on 28 April 2011.

To maintain recurring sales and cashflow to the Group, four strategic co-operation agreements with a term of 10 years were entered with Zhuzhou Smelter Group Co. Limited, Yunnan Yuntong Zinc Alloy Company Limited, Panzhihua Steel Group International Economic Trading Company Limited and Wugang Group Kunming Iron and Steel Company Limited, a subsidiary of Wuhan Iron and

Steel (Group) Corp., details of which were disclosed in the announcements of the Company dated 21st November, 2008, 9th December, 2008 and 22nd December, 2009, respectively. The above agreements continued to be in force during the Period.

Toll Road Operations

The Toll Road Operations recorded a net operating revenue of RMB16,213,000 (corresponding period of last year: RMB31,948,000) and a segment loss of RMB6,473,000 (corresponding period of last year: profit of RMB8,249,000).

Wen An Section of the National Highway 106 in Hebei Province (the "Wen An Section") is located in Langfang, Hebei and is in the proximity to Beijing. It has a toll collection station at Wen An. Annual average daily traffic (AADT) reached 13,237 during the Period (corresponding period of last year: 25,024) while the operating revenue achieved RMB16,213,000, which represented an decrease of approximately 49.25% over RMB31,948,000 of the corresponding period last year. Significant decrease in revenue was attributable to the implementation of campaign against overloaded vehicles by government as well as environmental situation surrounding the road.

PROSPECTS

The Group has all along sought to enhance its exploration and mining activities by identifying suitable exploration and mining methods, improve and enhance explosive and blasting technology by setting up appropriate explosive and blasting method in order to maximize explosive effects. Such measures aim at raising production capacity of the Group's existing mines as well as reducing its mining costs. To reduce cleansing and processing costs, the Group will further emphasis on technology improvements, optimize production processes of processing plant and maximize grade and recovery of ore concentrates.

In second half of 2011, on one hand, the Group's strategy is to realize its potential processing capacity as well as to further enhance its production processes and technology improvements for achieving cost efficiency. On the other hand, the Group is making preparations for the acquisition of peripheral mining rights with high potential in appropriate time. At the same time, the Group aims to capture opportunities for acquisition of projects with rich reserves, high quality, immense value-added potentials, quick cashflow returns, in order for the Group to further expand its scale of production, diversify into new profit streams and deliver higher returns to our shareholders.

Acquisition of additional 8.5% equity interests in Baoshan Feilong

On 8th April, 2011, Yue Da Mining Limited ("YDM"), a wholly owned subsidiary of the Company, completed the acquisition of 100% interests in Moral Well Enterprises Limited ("Moral Well") and related shareholder's loan at a total consideration of RMB22.5million. Moral Well is an investment holding company and directly owns 8.5% equity interests in Baoshan Feilong. Following the acquisition of Moral Well, Baoshan Feilong has become a wholly owned subsidiary of the Company and therefore the Group has had full control of the operations of and become entitled to all the profits from Baoshan Feilong.

Co-operation with Pingchuan Iron Mining Company ("Pingchuan Iron")

On 20th May, 2010, Pingchuan Iron and Yue Da Pingchuan Limited ("Yue Da Pingchuan"), a wholly owned subsidiary of the Company, entered into a joint venture agreement in relation the formation of 凉山州悦川礦業有限責任公司 Liangshan Prefecture Yuechuan Mining Co., Limited ("Yuechuan JV") in the PRC. On 2nd July, 2010, Pingchuan Iron and Yue Da Pingchuan entered into a supplemental joint venture agreement in relation to the development of Pingchuan Iron Reserve Mine (Lanzhichang lot), a mine situated at Yanyuan County, Sichuan Province, the PRC ("Pingchuan Iron Mine") by Yuechuan JV. Yuechuan JV, a limited liability company, was formed on 8th July, 2010. The registered capital of Yuechuan JV is RMB100 million and the equity interest of which is owned as to 49% by Yue Da Pingchuan and 51% by Pingchuan Iron Mining Company. Yue Da Pingchuan and Pingchuan Iron Mining Company have contributed RMB49 million and RMB51 million respectively to the registered capital of Yuechuan JV. The board of directors of Yuechuan JV consists of five directors of which two directors shall be nominated by Pingchuan Iron and three directors shall be nominated by Yue Da Pingchuan. As Yue Da Pingchuan has the right to appoint a majority of the board of directors of Yuechuan JV, Yuechuan JV is regarded as a non-wholly owned subsidiary of the Company. By the end of 2010, Yuechuan JV completed, among others, the following major tasks in relation to the Pingchuan Iron Mine (Lanzhichang lot):

— engagement of 昆明有色冶金設計院 (Kunming Institute for Nonferrous Metal Metallurgy Design) to commence a preliminary design plan for the exploitation in Pingchuan Iron Mine (Lanzhichang lot);

— actively searching for new mining opportunities and appointment of experts to conduct on-site investigation and thorough research work within Yanyuan County; and

— widening and maintenance of an approximately 7-kilometer highway connecting the mining site with the neighbourhood area.

Yuechuan JV has started to implement the following major tasks during the Period:

— undergoing of relevant application procedures for the mining rights of the Pingchuan Iron Mine (Lanzhichang lot);

— construction of a 35-kilovolt transformer substation and power transmission cables; and

— planning and finalisation of exploitation and design proposal.

Apart from the above, Yuechuan JV will continue to actively co-operate with Pingchuan Iron Mining Company in the development and construction of the Pingchuan Iron Mine (Lanzhichang lot) through establishing a team comprising high standard personnel equipped with advanced technology, in order to shorten the time needed for constructing the mining site and thus to allow the earliest possible commencement of production.

The production model at the Pingchuan Iron Mine, which is proposed to be further developed by Yuechuan JV, is currently planned on a preliminary scale of about 800,000 tonnes of ores to be produced annually when the Pingchuan Iron Mine reaches its production capacity, it is currently expected the infrastructure period for the development of the Pingchuan Iron Mine to reach the aforesaid annual production scale before 31st March, 2013 and the preliminary amount of investment for the infrastructure period will not exceed HK$250 million.

Event after the end of the interim reporting period

On 16th August, 2011, YDM entered into a disposal agreement to dispose 41.1% equity interests and related shareholder's loan of each of the holding companies of the mining project located in Wengniute Banner at a total consideration of RMB91,000,000. Upon completion of the disposal, our Group will not be involved in the management, financial and operating decisions and day to day operations of Wengniute Banner. Accordingly, the remaining 49% interests in Wengniute Banner will, after completion, be classified as available for sale securities of the Group.

Liquidity and Financial Resources

As at 30th June, 2011, the Group's current assets were RMB562,930,000 (31st December, 2010: RMB388,018,000), of which RMB118,421,000 (31st December, 2010: RMB253,741,000) were bank balances and cash on hand. As at 30th June, 2011, the net asset value of the Group amounted to RMB1,202,032,000, representing an increase of approximately 0.19% as compared to RMB1,199,751,000 at 31st December, 2010. The gearing ratio (total liabilities/total assets) of the Group was approximately 41.26% (31st December, 2010: 45.37%). As at 30th June, 2011, the share capital of the Company was RMB64,874,000 (31st December, 2010: RMB64,773,000). The Company's reserve and minority interests were RMB927,393,000 (31st December, 2010: RMB863,233,000) and RMB209,765,000 (31st December, 2010: RMB271,745,000) respectively. As at 30th June, 2011, the Group had total current liabilities of RMB425,169,000 (31st December, 2010: RMB376,786,000), mainly comprising bank borrowing, trade and other payables and liabilities directly associate with assets classified as held for sales. The total non-current liabilities of the Group amounted to RMB419,208,000 (31st December, 2010: RMB619,437,000), which were mainly other payables, consideration payable for acquisition of subsidiaries and promissory notes having maturity over one year, as well as deferred tax liabilities. The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi and Hong Kong dollars. During the Period, most of the transactions were denominated and settled in Renminbi. The Group believes that its exposure to exchange rate risk is minimal. The Group recorded a net exchange gain amounting to RMB2,661,000 during the Period due to the appreciation of Renminbi.

CONTINGENT LIABILITIES AND CHARGE ON THE GROUP'S ASSETS

As at 30th June, 2011, except for the guarantees and charges in the amount of HK$360,000,000 provided to Industrial and Commercial Bank of China (Asia) Limited by the Group, the Company did not have any guarantees and charges nor any other material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 30th June, 2011, the Group had a total of approximately 1,447 employees in Hong Kong and the PRC, engaged in management, administration, toll collection functions and mining. The management review the remuneration policy regularly on the basis of performance and experience of the employees as well as the prevailing industry practice. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations. Insurance and mandatory provident fund schemes are also maintained for its Hong Kong staff. During the Period, the Group provided various training courses on relevant business or skills for its management and staff at different levels. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labour dispute during the Period.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the listed securities of the Company during the Period.

THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Group has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the Period, except that the Chairman of the Board was not able to attend the annual general meeting (the "2010 AGM") of the Company held on 9th June, 2011 (deviated from code provision E.1.2). However, one of the independent non-executive Directors of the Company attended and acted as the Chairman of the 2010 AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the Period, the Company has adopted the Model Code for Securities Transactions by the Directors of the Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"). All the Directors of the Company, in response to specific enquiries made by the Company, confirmed that they complied with the requirements set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Company's audit committee currently comprises Ms. Leung Mei Han (Chairman of the audit committee, an independent non-executive Director), Mr. Qi Guang Ya (a non-executive Director) and Mr. Cui Shuming (an independent non-executive Director). Duties of the audit committee include reviewing all matters relating to the scope of audit, such as the financial statements and internal control, with an aim to safeguard the interest of the shareholders of the Company. At a meeting held on 29th August, 2011, the audit committee reviewed the accounting principles and practices adopted by the Group, the unaudited interim results of the Group for the Period, and discussed matters relating to audit, internal control and financial reporting with the management.

REMUNERATION COMMITTEE

The Company has set up with written terms of reference a remuneration committee, whose members are currently Mr. Cui Shu Ming (Chairman of the remuneration committee, an independent non-executive Director), Mr. Han Runsheng (an independent non-executive Director) and Mr. Dong Li Yong (an executive Director). Regular meetings are held by the committee to review and discuss matters relating to the remuneration policy, remuneration levels and the remuneration of executive Directors.

PUBLICATION OF THE INTERIM REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The Company's interim report for the six months ended 30th June, 2011 will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.yueda.com.hk in due course.

As at the date of this report, the Board comprises the following members:

Executive Directors	*Non-executive Director*	*Independent non-executive Directors*
Dong Li Yong	Chen Yunhua	Leung Mei Han
Liu Xiao Guang	Qi Guang Ya	Cui Shu Ming
		Han Run Sheng
		Liu Yongping

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

Hong Kong, 29th August, 2011