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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 AND CONNECTED TRANSACTION

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Pursuant to the Agreement, the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Sale Shares, subject to and on the conditions and terms of the Agreement. The Consideration for the Acquisition is RMB100 million which will be payable in the form of cash only.

Upon Completion of the Acquisition, the Target will be owned indirectly as to 92% by the Company.

As the applicable percentage ratios for the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Further, each of Mr Bao Dongbin and Mr Bao Jikun holds more than 10% of the equity interests in the Target which is also a subsidiary of the Company, and Mr Bao Enwei is the brother of Mr Bao Dongbin and Mr Bao Jikun, thus each of the Vendors is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules and therefore the Acquisition also constitutes a connected transaction for the Company under the Listing Rules. Pursuant to Chapter 14 and 14A of the Listing Rules, the Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements.

The EGM will be convened at which resolution(s) will be proposed to seek the approval of the Independent Shareholders by way of a poll for the transactions contemplated under the Agreement, including, amongst other things, the Acquisition.

A circular containing, among other matters, further details of the Agreement, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition and the Agreement, the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the Agreement and a notice convening the EGM, will be despatched to the Shareholders on or before 14 October 2011 in compliance with the Listing Rules.

DISCLOSEABLE AND CONNECTED TRANSACTION

On 26 September 2011 (after trading hours), the Purchaser entered into the Agreement with the Vendors, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Sale Shares, subject to and on the conditions and terms of the Agreement.

THE AGREEMENT

Date: 26 September 2011 (after trading hours)

Parties:

Purchaser: Ample Source Investment Limited

Vendors: Mr Bao Dongbin, Mr Bao Enwei and Mr Bao Jikun

As at the date of this announcement, each of Mr Bao Dongbin and Mr Bao Jikun respectively holds 10.5% equity interests in the Target which is indirectly owned as to 70% by the Company, and Mr Bao Enwei is the brother of Mr Bao Dongbin and Mr Bao Jikun, therefore each of the Vendors is a connected person of the Company.

Further, as at the date of this announcement, Mr Bao Dongbin and Mr Bao Enwei hold 10,500,000 Shares and 9,000,000 Shares respectively, which represent approximately 1.53% and 1.31% of the issued share capital of the Company.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Sale Shares, subject to and on the conditions and terms of the Agreement. The Sale Shares comprise 10.5%, 9% and 2.5% equity interests owned by Mr Bao Dongbin, Mr Bao Enwei and Mr Bao Jikun respectively in the Target, which represent an aggregate of 22% of equity interests in the Target.

Upon Completion, the Target will be indirectly owned as to 92% by the Company. In addition, the board of directors of the Target will comprise five directors, of which four will be nominated by the Group and one will be nominated by Mr Bao Jikun.

To the best of the knowledge and belief of the Directors, according to the information provided by the Vendors, the equity interests of 10.5%, 9% and 2.5% in the Target currently owned by Mr Bao Dongbin, Mr Bao Enwei and Mr Bao Jikun respectively were acquired by Mr Bao Dongbin, Mr Bao Enwei and Mr Bao Jikun from independent third parties before 2007 at a cost of RMB27,680,000, RMB23,730,000 and RMB6,590,000 respectively.

Consideration and payment

The Consideration is RMB100 million in aggregate which shall be payable one-off in the form of cash within 90 days after the Effective Date or, if the conditions precedent of the Agreement are not fulfilled (or waived where applicable) within 90 days after the Effective Date, on the date of Completion.

The Consideration is apportioned between each of the Vendors and their respective Sale Shares as follows:

- (i) RMB47,724,300 to Mr Bao Dongbin for his 10.5% equity interests in the Target;
- (ii) RMB40,909,200 to Mr Bao Enwei for his 9% equity interests in the Target; and
- (iii) RMB11,366,500 to Mr Bao Jikun for his 2.5% equity interests in the Target.

The Consideration was determined after an arm's length negotiation between the Purchaser and the Vendors with reference to, among other factors, (i) the unaudited net assets value of Target as at 30 June 2011 of approximately RMB40,676,000; and (ii) the preliminary valuation report conducted by an independent valuer, on the Target adopting the market-based approach which opined that the value of 100% of the Target was approximately RMB455 million as at 31 August 2011.

The Directors consider that the Consideration is fair and reasonable to the Group and on normal commercial terms and that the entering into of the Acquisition is in the interest of the Group and the Shareholders as a whole.

Conditions precedent

Completion is subject to, among others, the fulfillment (or waiver where applicable) of the following conditions:

- (i) all necessary consents and approvals required to be obtained in respect of the Acquisition and the Agreement have been duly obtained and not revoked;
- (ii) the passing of relevant resolutions by the Independent Shareholders at the EGM approving the Acquisition, the Agreement and the transactions contemplated thereunder;
- (iii) all the warranties given by the Vendors under the Agreement and such warranties remain true and accurate and the Vendors not having committed any material breach of such warranties at all times from the date of the Agreement up to the Completion;
- (iv) the Purchaser not being aware of any operations out of ordinary course of business of the Target, or any material adverse change in the assets, financial and legal condition, operations, performance or properties of the Target; or any material potential risks not being disclosed to the Purchaser by the Vendors; and
- (v) all necessary consents and approvals required to be obtained in respect of the Acquisition, the Agreement and the transactions contemplated thereby.

Completion

Completion shall take place on the fifth business day after the Purchaser has given to the Vendors a written notice of fulfilment of the above conditions precedent (only after all conditions precedents to completion of the Agreement are satisfied or waived where applicable).

INFORMATION OF THE TARGET

The Target is a limited liability company established under the PRC laws. The registered capital and the total investment of the Target are RMB18 million (equivalent to approximately HK\$22.1 million) and RMB25 million (equivalent to approximately HK\$30.7 million) respectively. The registered capital of the Target of RMB18 million has been fully paid up as at the date of the Agreement. Immediately after Completion, the Target will be indirectly owned as to 92% by the Company and as to 8% by Mr Bao Jikun.

The Target is principally engaged in mining, processing and sale of gold in the PRC.

According to the unaudited financial statements of the Target made up to 30 June 2011, the book value of the net assets of the Target was approximately RMB40,676,000.

Based on the unaudited financial statements of the Target, the unaudited profit on ordinary activities before tax of the Target for the year ended 31 December 2009 and 31 December 2010 are approximately RMB4,001,000 and RMB19,490,000 respectively, while the unaudited profit on ordinary activities after tax of the Target for the year ended 31 December 2009 and 31 December 2010 are approximately RMB4,001,000 and RMB14,607,000 respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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.

There has been an increasing trend of global gold prices over the past few years. The Directors believes that the recent drop of gold price, which is due to the crisis arising from possible default of debt by the European countries, should be temporary. Given the current unstable market environment and the monetary policies of different countries which plan to increase their money supply, the Directors believe that the demand for gold will continue to rise in the near future and thus consider gold to be a valuable investment. By acquiring further 22% of equity interest in the Target, the Group will be able to expand the benefits obtained from the operations of the Target.

The Acquisition will be funded by the Group's internal resources, bank borrowings or future fund raising from the capital market. After taking into consideration of the benefits of the Acquisition, the Directors believe the terms of the transactions contemplated under the Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios for the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Further, each of Mr Bao Dongbin and Mr Bao Jikun holds more than 10% of the equity interests in the Target which is also a subsidiary of the Company, and Mr Bao Enwei is the brother of Mr Bao Dongbin and Mr Bao Jikun, thus each of the Vendors is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules and therefore the Acquisition also constitutes a connected transaction for the Company under the Listing Rules. Pursuant to Chapter 14 and 14A of the Listing Rules, the Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements.

The Independent Board Committee will be established to consider the Acquisition and the Agreement and to advise the Independent Shareholders in relation to the Acquisition and the Agreement. Athens has been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the Acquisition and the Agreement.

EGM

The EGM will be convened at which resolution(s) will be proposed to seek the approval of the Shareholders by way of a poll for the transactions contemplated under the Agreement, including, amongst other things, the Acquisition. In accordance with the Listing Rules, any vote at the EGM shall be taken by poll. As at the date of this announcement, save and except the shareholding interests of Mr Bao Dongbin and Mr Bao Enwei in the Company as mentioned above, neither the Vendors nor the Target held any Shares and, so far as the Directors are aware, save and except the Vendors and its associates who are materially interested in the Acquisition and the Agreement will abstain from voting in respect of the resolutions approving the Acquisition and the Agreement proposed to be passed at the EGM, no Shareholder is required to abstain from voting at the EGM.

GENERAL INFORMATION

A circular containing, among other matters, further details of the Acquisition and the Agreement, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition and the Agreement, the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the Agreement and a notice convening the EGM, will be despatched to the Shareholders on or before 14 October 2011 in compliance with the Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

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

“Acquisition”	the acquisition by the Company from the Vendors of the Sale Shares pursuant to the terms and conditions of the Agreement
“Agreement”	the agreement dated 26 September 2011 and entered into between the Purchaser and the Vendors in respect of the Acquisition, including any supplemental agreement(s) being entered into
“associates”	has the meaning ascribed thereto in the Listing Rules
“Athens”	Athens Capital Limited, a corporation licensed to conduct Type 6 (advisory on corporate finance) regulated activities under the SFO
“Board”	the board of Directors
“business day”	any day (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours

“Company”	Yue Da Mining Holdings Limited (悦達礦業控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the consideration of the Agreement
“Directors”	directors of the Company
“Effective Date”	the effective date of the Agreement, which shall fall on the date which all necessary consents and approvals from the relevant PRC authorities in respect of the Agreement have been duly obtained
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the relevant matters mentioned in this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors
“Independent Shareholders”	Shareholders other than the Vendor and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Ample Source Investment Limited (俊源投資有限公司), a company incorporated in Hong Kong, and an indirect wholly-owned subsidiary of the Company
“Sale Shares”	an aggregate of 22% equity interests in the Target, which comprises 10.5%, 9% and 2.5% equity interests in the Target owned by Mr Bao Dongbin, Mr Bao Enwei and Mr Bao Jikun respectively
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	existing ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	銅陵冠華礦業有限責任公司 (Tong Ling Guan Hua Mining Development Company Limited*), a limited liability company established in the PRC which is owned as to 70% by the Purchaser
“Vendors”	collectively Mr Bao Dongbin, Mr Bao Enwei and Mr Bao Jikun
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For the purpose of this announcement, unless otherwise specified, conversions of RMB into Hong Kong dollars are based on the approximate exchange rate of RMB0.815 to HK\$1.

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

Hong Kong, 26 September 2011

As at the date of this announcement, the Board comprises the following members: (a) as executive Directors, Mr Dong Li Yong, Mr Liu Xiaoguang and Mr Hu Huaimin; (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.

* *for identification purpose only*