YUE DA HOLDINGS LIMITED
悅達控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 629)

Interim Results Announcement
For the Six Months Ended 30th June, 2007

INTERIM RESULTS

The board of directors (the "Board") of Yue Da Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results for the six months ended 30th June, 2007 (the "Period") of the Company and its subsidiaries (the "Group") as follows:

Condensed Consolidated Income Statement
For the six months ended 30th June, 2007

	NOTES	**Six months ended** **30.6.2007** ***RMB'000*** **(unaudited)**	30.6.2006 *RMB'000* (audited)
Revenue	3	**134,881**	54,944
Cost of sales		**(54,533)**	(621)
Operating costs		**(14,924)**	(25,970)
Gross profit		**65,424**	28,353
Other income		**9,809**	101
Discount on acquisition of additional interests in subsidiaries		**17,942**	—
Net fair value loss on embedded derivatives of convertible bonds		**(71,504)**	—
Administrative expenses		**(18,336)**	(7,359)
Interest expense	4	**(7,365)**	(2,606)
Profit before tax		**(4,030)**	18,489
Income tax expense	5	**(53,752)**	(3,714)
(Loss) profit for the period	6	**(57,782)**	14,775
Attributable to			
— Equity holders of the parent		**(51,649)**	9,416
— Minority interests		**(6,133)**	5,359
		(57,782)	14,775
Dividend	7	**—**	—
(Loss) earnings per share	8		
— Basic		**(20.6) RMB cents**	4.7 RMB cents
— Diluted		**N/A**	4.6 RMB cents

Condensed Consolidated Balance Sheet

At 30th June, 2007

	NOTES	**30.6.2007**	31.12.2006
		RMB'000	*RMB'000*
		(unaudited)	(audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**103,970**	64,955
Toll roads infrastructure		**126,699**	134,002
Mining rights		**942,710**	953,114
Exploration and evaluation assets		**9,998**	9,248
Goodwill		**11,170**	5,474
Prepaid lease payments		**1,709**	773
		1,196,256	1,167,566
CURRENT ASSETS			
Prepaid lease payments		**206**	97
Inventories		**11,833**	7,858
Accounts and other receivables	9	**11,565**	6,418
Amounts due from related companies		**7,957**	4,598
Bank balances and cash		**97,989**	102,094
		129,550	121,065
CURRENT LIABILITIES			
Accounts and other payables	10	**22,337**	15,844
Amounts due to related companies		**25,671**	8,643
Taxation payable		**528**	3,678
Promissory notes		**29,036**	14,716
Convertible bonds — embedded derivatives		**—**	57,366
Bank borrowings — due within one year		**—**	18,750
		77,572	118,997
NET CURRENT ASSETS		**51,978**	2,068
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,248,234**	1,169,634
CAPITAL AND RESERVES			
Share capital		**29,256**	25,976
Reserves		**452,122**	456,055
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**481,378**	482,031
MINORITY INTERESTS		**122,091**	360,002
TOTAL EQUITY		**603,469**	842,033
NON-CURRENT LIABILITIES			
Promissory notes		**91,275**	57,236
Convertible bonds — liabilities portion		**—**	66,844
Bank borrowings — due after one year		**342,231**	56,250
Deferred tax liabilities		**211,259**	147,271
		644,765	327,601
		1,248,234	1,169,634

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30th June, 2007

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 (the "Listing Rules") 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, as appropriate.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006 except as described below.

Acquisition of additional interests in subsidiaries

Discount arising on acquisition of additional interests in subsidiaries represents the excess of the fair value of the net assets attributable to the additional interest in the subsidiaries over the cost of the acquisition.

The difference between the fair values and the carrying values of the underlying assets and liabilities attributable to the additional interests in subsidiaries is debited directly to other reserve.

In the current interim period, the Group has applied, for the first time, a number of new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1st January, 2007. The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standard, amendment or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — INT 11	HKFRS 2 — Group and Treasury Share Transactions[2]
HK(IFRIC) — INT 12	Service Concession Arrangements[3]

[1] Effective for annual periods beginning on or after 1st January, 2009

[2] Effective for annual periods beginning on or after 1st March, 2007

3 Effective for annual periods beginning on or after 1st January, 2008

HK(IFRIC) — Int 12 sets out general principles on recognising and measuring the obligations and related rights under service concession arrangements. The Group will apply this interpretation from 1st January, 2008. The directors of the Company are not yet in the position to reasonably estimate the impact that may arise on the Group's results and financial position from adoption of this interpretation. The directors of the Company anticipate that the application of the other new standard, amendment or interpretation will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into two operating divisions:

— management and operation of toll highways and bridges ("Toll Road Operations"); and

— refining, exploration, mining and processing of zinc and lead ("Mining Operations").

These operating divisions are the basis on which the Group reports its primary segments as below:

Six months ended 30th June, 2007 (unaudited)

	Toll Road Operations *RMB'000*	**Mining Operations** *RMB'000*	**Consolidated** *RMB'000*
Revenue			
External sales	**26,283**	**108,598**	**134,881**
Segment results	**8,770**	**45,232**	**54,002**
Other income			**9,809**
Discount on acquisition of additional interests in subsidiaries			**17,942**
Net fair value loss on embedded derivatives of convertible bonds			**(71,504)**
Unallocated corporate expenses			**(6,914)**
Interest expense			**(7,365)**
Loss before tax			**(4,030)**
Income tax expense			**(53,752)**
Loss for the period			**(57,782)**

Six months ended 30th June, 2006 (audited)

	Toll Road Operations *RMB'000*	Mining Operations *RMB'000*	Consolidated *RMB'000*
Revenue			
External sales	52,861	2,083	54,944
Segment results	23,985	976	24,961
Other income			101
Unallocated corporate expenses			(3,967)
Interest expense			(2,606)
Profit before tax			18,489
Income tax expense			(3,714)
Profit for the period			14,775

All the Group's assets are located in the PRC.

4. INTEREST EXPENSE

	Six months ended	
	30.6.2007 *RMB'000* **(unaudited)**	30.6.2006 *RMB'000* (audited)
Interest on:		
— bank borrowings wholly repayable within five years	**2,115**	—
— a loan from a minority shareholder wholly repayable within five years	**95**	1,292
— promissory notes	**2,128**	173
— convertible bonds	**3,027**	170
Imputed interest expense on a non-current loan from a minority shareholder	—	971
	7,365	2,606

5. INCOME TAX EXPENSE

	Six months ended	
	30.6.2007	30.6.2006
	RMB'000	*RMB'000*
	(unaudited)	(audited)
PRC income tax	**229**	3,787
Deferred taxation	**(2,893)**	(73)
	(2,664)	3,714
Increase in deferred taxation resulting from a change in tax rate enacted in March 2007	**56,416**	—
	53,752	3,714

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Langfang Tongda Highway Co., Ltd. ("Langfang Tongda") is subject to PRC national income tax at the rate of 15%. In addition, Langfang Tongda is entitled to an exemption from local income tax of 3% during the five years ended 31st December, 2002, followed by a 50% tax relief for the next five years. The reduced local income tax rate for the relief period is 1.5%. Accordingly, Langfang Tongda was subject to income tax at the reduced rate of 16.5% for both periods.

Pursuant to the relevant regulations applicable to enterprises situated in the western region of the PRC, the Group's PRC mining subsidiaries enjoy a preferential tax rate of 15%. In addition, these PRC mining subsidiaries are entitled to an exemption from PRC national income tax for the two years starting from their first profit-making year, followed by a 50% tax reduction in the three years thereafter. During the six months ended 30th June 2006 and 2007, the Group's PRC mining subsidiaries were within the tax exemption period and not subject to tax.

Pursuant to the PRC Enterprise Income Tax Law passed by the Tenth National People's Congress on 16th March, 2007, the new PRC Enterprise Income Tax rates for domestic and foreign enterprises are unified at 25% effective from 1st January, 2008. The Group's PRC mining subsidiaries which are entitled to special incentives will be given concessions throughout a 5-year transition period, as applicable. Management has assessed the impact of this change in tax laws on the Group's deferred tax liabilities and made the adjustments accordingly.

6. (LOSS) PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2007	30.6.2006
	RMB'000	*RMB'000*
	(unaudited)	(audited)
(Loss) profit for the period has been arrived at after charging (crediting):		
Amortisation of mining rights	**10,404**	486
Cost of inventories sold	**44,129**	135
Depreciation of property, plant and equipment	**14,828**	15,037
Loss (gain) on disposal of property, plant and equipment	**15**	(56)
Release of prepaid lease payments to the income statement	**46**	1
Exchange gain	**(9,403)**	—
Interest income	**(314)**	(138)

7. DIVIDEND

The directors of the Company do not recommend the payment of any interim dividend for both periods.

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the equity holders of the Company is based on the following data:

	Six months ended	
	30.6.2007	30.6.2006
	RMB'000	*RMB'000*
	(unaudited)	(audited)
(Loss) earnings		
(Loss) profit for the period attributable to equity holders of the Company for the purpose of basic (loss) earnings per share	**(51,649)**	9,416
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds		170
Earnings for the purpose of dilutive earnings per share		9,586
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**251,184**	200,428
Effect of dilutive potential ordinary shares:		
Share options		8,214
Convertible bonds		2,127
Weighted average number of ordinary shares for the purpose of diluted earnings per share		210,769

The exercise of the Company's share options and the conversion of the Company's convertible bonds would result in a decrease in loss per share for the Period. Accordingly, the relevant diluted loss per share is not presented.

9. ACCOUNTS AND OTHER RECEIVABLES

Included in accounts and other receivables are trade receivable of RMB4,276,000 (31st December, 2006: RMB1,040,000).

The Group's credit policy allows an average credit period of 30 days to its trade customers.

The trade receivables are aged within 0 - 30 days at the balance sheet date.

10. ACCOUNTS AND OTHER PAYABLES

Included in accounts and other payables are trade payables of RMB4,225,000 (31st December, 2006: RMB2,792,000) which are aged within 0 - 30 days at the balance sheet date.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

Turnover of the Group for the Period amounted to RMB134,881,000, which represented an increase of approximately 145% over RMB54,944,00 in the corresponding period of last year. Gross operating profit amounted to RMB65,424,000, representing an approximate 131% increase as compared to RMB28,353,000 in the corresponding period of last year.

The Group made two significant accounting adjustments during the Period. Firstly, regarding to the convertible bonds in the amount of HK$75,000,000 issued to Feilong Holdings Limited by the Company on 23rd June, 2006, due to the increase in the share price and other factors, the fair value of such convertible bonds resulted in an increase of RMB71,504,000 according to the valulation carried out by a valuer. As required by the Hong Kong Accounting Standards, such change in fair value shall be recorded as losses for the current period. Secondly, in the valuation of the Company's mining rights, the income tax rate of 15% was originally applied in the calculation of the deferred tax. However, with the new enterprise income tax promulgated on 16th March 2007, the income tax will be gradually adjusted to the rate of 25% with effect from 1st January, 2008. Therefore, the Company made accounting adjustments for the amount of deferred tax, resulting in a one-off increase in the Company's income tax expenses of RMB56,416,000.

Due to the above accounting adjustments, the Group recorded a net book loss of RMB57,782,000, of which loss attributable to equity holders of the Company accounted for RMB51,649,000 (or basic loss per share of RMB0.206) as compared to profit attributable to equity holders of the Company of RMB9,416,000 (or a basic earnings per share of RMB4.7 cents) in the corresponding period of last year. The directors of the Company (the "Directors") considered such accounting adjustments did not materially affect the normal production and operation of the Group, since the above accounting adjustments were recorded as a one-off accounting adjustments and all of the convertible bonds issued by the Company were redeemed and converted during the Period.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the Period.

Business Review

Overview

The Group is principally engaged in the mining as well as cleansing and processing of metal minerals, and the operation of a toll road. During the Period, the Mining Operations realised an operating revenue of RMB108,598,000 with an operating profit of RMB55,636,000, which represented a profit of RMB45,232,000 for the Mining Operations after deducting the amortisation charges of mining rights of RMB10,404,000. The Toll Road Operations recorded an operating revenue of RMB26,283,000 and a segment profit of RMB8,770,000. During the corresponding period of last year, the Group was mainly engaged in the operation of two toll roads while the Mining Operations were just started.

Mining Operations

During the Period, the Mining Operations recorded an operating revenue of RMB108,598,000 with a gross profit of RMB64,372 and gross profit margin of approximately 59%. The ores extracted during the Period amounted to 270,524 tons with a unit mining cost of approximately RMB66 per ton and a unit processing cost of approximately RMB98 per ton. The Mining Operations included the processing of such metal ore concentrates as zinc ore concentrates of 3,822 metal tons, lead ore concentrates of 1,437 metal tons, silver of 951 kilograms and iron ore concentrates of 52,290 tons, as well as the direct sales of oxidized zinc ores of 3,240 tons. During the Period, the metal ore concentrates were sold at an average price of RMB20,348 per metal ton for zinc ore concentrates, RMB14,398 per metal ton for lead ore concentrates (with silver content), and RMB532 per ton for iron ore concentrates.

During the Period, both Baoshan Feilong Nonferrous Metal Co., Ltd. ("Baoshan Feilong") and Yaoan Feilong Mining Co., Ltd. ("Yaoan Feilong") expanded the production capacity of their plants. Yaoan Feilong built an additional processing plant with a daily processing capacity of 600 tons, which commenced production in March 2007; while Baoshan Feilong upgraded its processing plant with a daily processing capacity of 500 tons, which also commenced production in April 2007, and will steadily achieve the planned production capacity. On 10th May, 2007, Tengchong Ruitu Mining and Technology Limited ("Tengchong Ruitu") completed the acquisition of the Ruilong plant which originally processed ores for Tengchong Ruitu and made investment in upgrading the technology and enhancing the capacity of the plant. Currently, the project is still in progress and its completion will further enhance the self-operation of Tengchong Ruitu. The newly explored mine No.10 will soon reach the level where ore deposits are found, which will then substantially boost the daily production capacity of ores. However, the Mining Operations have also encountered certain challenges. The daily production process was affected by the implementation of such innovation and acquisition projects, and the production volume for the Period was also affected to a certain extent. In addition, unexpected difficulties arose during the production process. For example, the transportation of ores from the Tengchong mine was affected during the Period due to the arrangement made for villagers during the Period; and the intense rain in the second half of 2007 resulted in serious production safety-related accidents in other mines in Tengchong county, causing the local government to order suspension of the production of all local mining companies for over a month. The production targets were affected to a certain extent as a result of these factors. However, in the opinion of the Directors, such impact was temporary and would not adversely affect the future development of the Mining Operations.

Toll Road Operations

The Wen An Section of the National Highway 106 in Hebei Province (the "Wen An Section"), located in Langfang, Hebei, and in close proximity to Beijing, has a toll collection station at Wen An. Annual average daily traffic (AADT) reached 15,233 during the Period while the operating revenue achieved RMB27,666,000, which represented an approximately 1% increase over RMB27,334,000 in the corresponding period of last year. Steady vehicle flows and toll revenues were recorded and it is expected that the Toll Road Operations will continue to develop steadily in the future.

The Wen An Section has also implemented a computer-aided toll fee and control system to uphold the standard of the Toll Road Operations. No adjustment was made to the toll fee for the Wen An Section during the Period. Regular maintenance and repair works were carried out on the Wen An Section to maintain the quality of the road during the Period. However, no large-scale maintenance works have been carried out.

Acquisition of Additional Equity Interests in the Feilong Mining Project

On 28th June, 2007, the Company completed the acquisition of the additional equity interests in three subsidiaries, namely Baoshan Feilong, Yaoan Feilong and Puer Feilong Mining Co., Ltd. (the "Feilong Mining Project"). The consideration for such acquisition was HK$250,000,000, which was mainly funded by a 5 years' term loan from a licensed bank in Hong Kong. Such acquisition recorded a gain on discount of RMB17,942,000. Accordingly, except for the 8.5% equity interests in Baishan Feilong that remained to be held by a minority shareholder, the Group owned 100% equity interests in its four mining companies, the five mines of which are under production operation.

Business Prospects

The Group is committed to enhancing the production capacity of its existing mines with an aim to enhance its mining and exploration strengths within the mining sites. The acquisition of a processing plant and expansion of the production capacity of Baoshan Feilong and Yaoan Feilong completed during the Period. Such new facilities can increase the production capacity of the existing mines. Tengchong Ruitu is actively exploring new mines and carrying out its construction works as scheduled so as to increase the mining capacity of the Tengchong site. The project on the technical reconstruction and expansion of the production capacity of the newly acquired processing plant is in progress, and the processing capacity and recovery rate of the plant can be boosted significantly upon completion of the project.

The Directors believe that the demand for lead and zinc will be considerable in view of the rapid growth of the PRC economy and the expected growth in the consumption of lead and zinc in the PRC. As the production capacity of metal smelting has been increasing, the demands for metal ore concentrates are expected to increase rapidly. In light of the prices of metals (such as lead and zinc) which continue to maintain at high levels, the production costs for lead, zinc andiron ore concentrates will be relatively low while the gross margin for ore concentrates will be relatively high. The Directors believe that the Mining Operations will yield promising returns for the Group. The Group will continue to look for opportunities to acquire metal mines with abundant ore resources, high returns and competitive prices so as to further diversify its investment portfolio and to secure higher returns for its shareholders. On the other hand, the pace of Toll Road Operations' growth is relatively slow, and the cost of repair and maintenance works may also increase gradually as a result of prolonged hours of highway usage, thus affecting the investment returns for the Toll Road Operations.

Liquidity and Financial Resources

As at 30th June, 2007, the Group's non-current assets were RMB1,196,256,000. Current assets amounted to RMB129,550,000, of which bank deposits and cash accounted for RMB97,989,000. The Group's total current liabilities were RMB77,572,000 and total non-current liabilities were RMB644,765,000. The Group's total shareholders' equity amounted to RMB481,378,000 and its minority interests were RMB122,091,000, with a gearing ratio (total liabilities over total assets) of approximately 54%. This ratio was higher when compared to 31% in the corresponding period of last year, mainly attributable to the Group's new bank borrowings amounting to HK$285,000,000 for the acquisition and the operation requirements and the issue of promissory notes amounting to HK$69,330,000 for the redemption of the convertible bonds during the Period.

As at 30th June, 2007, 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.

The Group's monetary assets, liabilities and transactions are mainly denominated in Hong Kong dollars, Renminbi and US 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 an exchange gain amounting to RMB9,403,000 during the Period due to the appreciation of Renminbi.

EMPLOYEE AND REMUNERATION POLICY

As at 30th June 2007, the Group had a total of 1,742 employees in Hong Kong and the PRC engaging in management, administration, mining and toll collection functions. The management reviewed the remuneration policy regularly on the basis of performance and experience of the employees as well as the prevailing industry practice. Social insurance contributions were made by the Group for its employees in the PRC 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

On 5th January, 2007, the Company repurchased 1,314,000 ordinary shares of HK$0.10 each in its share capital at an average price of approximately HK$3.52 per share, the aggregate amount that shall be paid was HK$4,620,840. These shares were all repurchased through The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Save as disclosed above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's listed securities during the Period.

THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Group complied with all of the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the Period, except that the Chairman of the Board was unable to attend the annual general meeting of the Company due to business reasons, but one of the executive directors of the Company was present to chair such meeting (derivation from code provision E.1.2).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by the Directors of the Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. 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 audit committee of the Board currently comprises Mr. Cai Chuan Bing and Ms. Leung Mei Han (both being independent non-executive Directors) and Mr. Qi Guangya (being a non-executive Director). Its duties include reviewing all matters relating to the scope of audit, such as financial statements and internal controls, with an aim to safeguard the interest of the shareholders of the Company. During the Period, the audit committee reviewed the accounting principles and practices adopted by the Group and the unaudited interim financial report and discussed matters relating to audit, internal controls and financial reporting with the management.

REMUNERATION COMMITTEE

The Company has set up with written terms of reference a remuneration committee, whose members are Mr. Cui Shuming and Mr. Cai Chuan Bing (both being independent non-executive Directors) and Mr. Dong Li Yong (being an executive Director). Regular meetings were held by the committee during the Period to review and discuss matters relating to the remuneration policy, remuneration levels and remuneration of the executive directors of the Company.

PUBLICATION OF THE INTERIM REPORT

The 2007 interim report of the Company will be published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.yueda.com.hk) in due course.

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

Executive Directors	**Non-executive Directors**	**Independent non-executive Directors**
Hu You Lin	Liu Xiao Guang	Cai Chuan Bing
Dong Li Yong	Qi Guang Ya	Leung Mei Han
Chen Gang		Cui Shu Ming
		Han Run Sheng

By order of the Board
Yue Da Holdings Limited
Hu You Lin
Chairman

Hong Kong, 24th September,2007