



## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board") of Yue Da Holdings Limited (the "Company"), I am pleased to present to the shareholders the results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2005.

## BUSINESS PERFORMANCE

Turnover of the Group for the year ended 31st December, 2005 was RMB102,392,000, representing an increase of approximately 10% as compared with the corresponding period of last year. Audited profit attributable to shareholders was RMB19,464,000 and basic earnings per share was RMB9.7 cents, both representing an increase of approximately 41% as compared with the corresponding period of last year. The Board did not recommend the payment of any final dividend for the year ended 31st December, 2005.

National Highway 204 — Xin Fu Section in Jiangsu Province and National Highway 106 — Wen An Section in Hebei Province have been operated by the Group, and are key trunk routes in their respective cities, located in Jiangsu Province and Hebei Province respectively, two of the most prosperous provinces of economic development. In 2005, the GDP of Jiangsu Province and Hebei Province achieved a growth of 14.5% and 13.4% respectively. The annual throughput of cargoes and passengers increased for both provinces. Due to the development of national economy and the transport and logistics industry, the traffic flow on highways generally increased. During the year, the two highways

of the Group attained some growth in traffic flow, but the growth rate was apparently slowed down as compared with the corresponding period of last year. The Group recorded increases in toll revenue and profit attributable to shareholders for 2005 as compared with the corresponding period of last year. In particular, the growth in profit is relatively noticeable due to the Group's efforts in reducing costs and expenses.

### COMPANY PROSPECTS

The stable development of the Group's toll road operations is a stable source of profit and cash flow for the Group. However, income growth becomes sluggish in the face of keen competition in the toll road sectors and the increases in road repair and maintenance cost due to continuous use of roads, both of which factors affect the Group's current level of return of investments. As such, the Group has been seeking new investment projects. Nevertheless, the huge investment in roads poses difficulties in identifying road projects with appropriate scale and promising return on investments.

With the ongoing rapid growth in the PRC economy, essential metals, particularly nonferrous metals such as zinc and lead, are in heavy demand. In recent years, the rising prices of zinc and lead and the expanding production capacity of metal smelting lead to the strong demand for raw materials of metal concentrates. The current shortage of lead and zinc concentrates as raw materials provide upstream enterprises engaging in ore exploration and processing with greater bargaining power, upstream enterprises which have mines to share a large portion of profits from rising metal prices. In view of such business opportunity, the Group devotes resources to the exploration and exploitation of metal and minerals projects and has made steady progress. The Group has entered into a preliminary agreement for acquiring a project of mineral products of lead and zinc in Yunnan, which is subject to the approval by shareholders. We are also actively identifying and exploring other suitable investment projects of metals minerals, so as to enrich its investment profile and offer better returns for investors.

### APPRECIATION

Finally, I would like to take this opportunity to express my gratitude to the Directors, the management and all staff for their unfailing contributions to the development of the Group. Likewise, I would like to express my appreciation to the shareholders for their support. The Group is fully committed to do its best to bring better returns to shareholders.

By order of the Board

**Hu You Lin**

*Chairman*

Hong Kong, 18th April, 2006