



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 31 December 2006.

BUSINESS PERFORMANCE

Turnover of the Group for the year ended 31 December 2006 amounted to RMB184,628,000, representing an increase of approximately 80% over last year. Audited profit attributable to shareholders of the Company amounted to RMB10,332,000, representing a decrease of approximately 47% as compared to RMB19,464,000 for the previous year. Basic earnings per share was RMB4.9 cents, representing a decrease of approximately 49% as compared to RMB9.7 cents for the corresponding period of previous year. The Board did not recommend the payment of final dividend for the year ended 31 December 2006.



On 23 June 2006, the Company issued convertible bonds in the principal amounts of HK\$75,000,000 in aggregate. Due to share prices increases and other factors, the fair value of these convertible bonds was valued by the valuer with an increase of HK\$39,873,000. This increase was recorded as expenses in the current period in accordance with the Hong Kong Accounting Standards, which was the major reason for the decrease of profit attributable to shareholders of the Company as compared to the previous year.

The Company is principally engaged in the business of managing and operating certain mining and processing projects and toll roads in the People's Republic of China (the "PRC" or "China"). The acquisition of interests in mining projects held through Baoshan Feilong Nonferrous Metal Co., Ltd. ("Feilong Nonferrous") Yaoan Feilong Mining Co., Ltd. ("Yaoan Feilong") and Puer Feilong Mining Co., Ltd. ("Puer Feilong") (together referred to as the "Yuelong Mining Project") by the Company was completed on 23 June 2006. It realized a total operating income of RMB80,894,000 and operating profits of RMB55,316,000 for the period commencing from the date of completion of acquisition to the financial year-end. On 29 December 2006, the Group completed the acquisition of interests in mining projects held through Tengchong Ruitu Mining and Technology Company Limited ("Tengchong Ruitu") ("Tengchong Mining Project"). This acquisition brought a gain on discount of RMB56,532,000. For the year under review, the Group's toll revenues RMB103,734,000 were derived from the National Highway 204 — the "Xin Fu Section" (the "Xin Fu Section") and the National Highway 106 — the Wen An Section (the "Wen An Section").



PROSPECT

The major acquisitions of Yuelong Mining Project and Tengchong Mining Project have brought successful results in addition to the Company's management and operations of toll road business in 2006. By tapping into a more profitable mining industry, the Company has secured a strengthened position for future growth of its business with competitive edges on a broader base of operating fundamentals.

Looking forward, we believe the Group will be benefiting from a continuous rapid growth of China's economy and the increasing vigorous demand for base metals such as lead and zinc due to the unsustainable nature of mineral resources. Hence, we are expecting to see a fruitful return for the Company from the said mining projects. In the meantime, the Company has also formulated a long term plan for business development, with a stated operating strategy focusing on mining project investments. We will proactively seek for the Company's opportunities to invest into metals mining projects with the aim to expand the Company's investment portfolio and to add new stream of income resource so as to bring higher 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 the shareholders.

By order of the Board

Hu You Lin

Chairman

Hong Kong, 10 April 2007