Yue Da Mining

SBI E2-Capital

Earnings outlook remain stunning

BUY (unchanged)

Key points:

- 3-year earnings CAGR remain stunning at 259.8%
- Discount to its peers' valuation
- No more major exceptional loss to drag its results
- Zinc price outlook remains uncertain
- Acquisition of Hong Ling mine has been postponed

China Resources

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Stock data

Price	**HK$4.20**
Target price	HK$7.0 (+66.7%)
12 mth range	HK$2.8-9.0
Market cap.	US$175.3m
Daily t/o, 3 mth	US$0.1m
Free float %	30.3%
Ticker	629.HK/629 HK

Financial summary

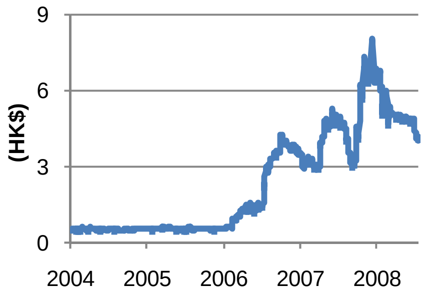
Year to Dec	06A	07A	08F	09F	10F
Turnover (RMBm)	184.6	294.0	437.6	565.6	749.1
Net Profit (RMBm)	10.3	7.6	172.5	236.7	352.7
EPS (RMB)	0.047	0.025	0.529	0.726	1.082
EPS Δ%	(51.4)	(46.8)	2,025.9	37.2	49.0
P/E (x)	78.8	148.2	7.0	5.1	3.4
P/B (x)	1.91	1.65	1.20	0.97	0.76
EV/EBITDA (x)	9.4	10.6	6.0	4.7	3.6
Yield (%)	na	na	na	na	na
ROE (%)	2.6	1.3	20.6	21.3	25.1
ROCE (%)	17.4	10.9	14.9	17.0	20.7
N. Gear. (%)	(29.1)	(40.4)	(41.2)	(6.2)	Cash

Price Performance

Actual price changes (%)	-13.4	-16.0	-12.1

	08F	09F	10F
Consensus EPS (RMB)	1.110	1.250	2.160
Previous forecasts (HK$m)	398.5	447.4	726.6
Previous EPS (HK$)	1.309	1.470	2.387

Price Chart



Earnings outlook remain decent. Even after we revise down our earnings projection on Yue Da Mining due to the lower metal ASP and production assumptions, the new three-year earnings CAGR projection on the group between FY12/07F and FY12/10F remain stunning at 259.8%. We do expect the group's earnings growth for FY12/08F to be explosive on the annualized basis, thanks to the full contributions from its mines in Yunnan province and the absent of exceptional, non-operating loss. At FY12/08F P/E of 7.0x and FY12/09F P/E of 5.1x, the group is trading at a discount to its HK-listed and international peers. Our target price of HK$7.0/share (equivalent to targeted FY12/09F P/E of 8.5x) represents a 24.0% discount to the HK-listed mining companies' average two-year P/E of 11.2x. Although our new target price is 23.7% lower than the previous target price, it still represents a potential upside of 66.7%. Thus, we reiterate our BUY recommendation on the group. Major risks of the group include the downside risk of our metal price assumptions and the execution risks of the acquisition of Hong Ling mine. We will re-visit our earnings model after the group's interim results.

Acquisition of the Hong Ling mine is yet to be completed. Since the mining license is yet to be transferred to the group's 71.0% owned sino-foreign JV, which in return will own the Hong Ling mine in Inner Mongolia, the company has not transfer the registered capital of RMB830.0m to the JV. The last date for capital contribution to the JV is extended to July 18 2008. An investment bank has agreed to make a loan of US$130.0m available to the group for the acquisition of the Hong Ling mine, upon the condition that the JV is able to obtain the mining license from the government. We still expect the group to complete the acquisition of Hong Ling mine by the end of this year. However, we prudently exclude the Hong Ling mine from our earnings projection.

Share placement to Value Partner in March. In March 2008, the group issued and allotted 20.0m new shares to Value Partner and raise HK$99.6m. Under the placing agreement between the group, Value Partner and Jiangsu Yue Da Group, the group's parent, if Yue Da Mining cannot complete the acquisitions of the targeted mining assets in Inner Mongolia (including Weng Qi Mine and Hong Ling mine) by the end of 2008 , Jiangsu Yue Da is obligated to buy back 6.5m shares from Value Partner at HK$5.0 each and provide cash compensation to Value Partner equivalent to the differ between the placing price of HK$5.0/share and average closing price of the counter in the first trading week after December 31 2008 multiple by 13.5m shares.

Growth remains decent. As we lower our zinc and lead concentrate ASP assumption, and production volume assumption, we lower our earnings forecasts on the group for FY12/08F, FY12/09F and FY12/10F by 56.7%, 47.1% and 51.5%, respectively. However, the new three-year earnings CAGR projection on the group between FY12/07A and FY12/10F remains stunning at 259.8%. We also lower our EPS forecasts for FY12/08F, FY12/09F and FY12/10F by 59.6%, 50.6%, and 54.7%, respectively, due to the lower net earnings projections and dilution effect arising from the 20.0m new shares placement to Value Partner in March 2008. 3-year EPS CAGR is now projected at 251.6% between FY12/07A and FY12/10F. We will re-visit our earnings model following the interim results.

Table 1: Change in earnings forecasts

	Old			New		
	FY08F	FY09F	FY10F	FY08F	FY09F	FY10F
Revenue (RMBm)	881.7	989.1	1,546.0	437.6	565.6	749.1
EBITDA (RMBm)	644.1	723.0	1,122.7	280.7	355.8	472.5
Net earnings (RMBm)	398.5	447.4	726.6	172.5	236.7	352.7
EPS (RMB)	1.309	1.470	2.387	0.529	0.726	1.082

Source: SBI E2-Capital

No more major exceptional loss. Last year, the group reported one-off items such as the RMB101.6m fair value loss on embedded derivatives of convertible bonds and deferred taxation costs arising from a tax rate change in March 2007. As the group redeemed all the outstanding CB and it had made full provision against the change in tax rate in last year, we do not expect the group to record major non-operating loss in FY12/08F.

Production volume assumption. We slash our production volume assumption for FY12/08F, FY12/09F and FY12/10F due to:

- Although the group acquired the Ruilong ore processing plant in Tengchong in May 2007, the group is still overhauling and upgrading the facility. Tengchong mine itself is undergoing revamping too. Thus, we do not expect the mine to reach its optimal production stage (ore extraction of 1,000.0 to 1,500.0 tpd) by the end of FY12/08F.
- Due to the poor lead and zinc price performance, the group decides to scale back its production and contain its metal reserves.
- Following the acquisition of 48.0% in Feilong (nonferrous metals mine), Puer Feilong (lead and zinc mine) and Yaoan Feilong (lead and silver mine) in June 2007, the group owns 91.5% of Baoshan Feilong Hetaoping (lead and zinc mine) and Baoshan Feilong , as well as 100.0% in Yaoan Feilong and Puer Feilong. Thus, the aforementioned mines would provide full contribution to the group starting from FY12/08F onwards.
- The group completed the acquisition of 100.0% interests in Daqian Mining Development in Shaanx, which owns the Daqian mine in December 2007. However, as the group is revamping the mine, we do not expect the mine to provide any immediate contribution to the group in FY12/08F.
- The group completed the acquisition of Weng Qi Mine in Inner Mongolia in March 2008. Nevertheless, as the group is revamping the mine, we do not expect the mine to provide any contribution to the group in FY12/08F.

Table 2: Change in annual production volume assumption for FY12/08F

FY08 Annual production volume assumption (tpa)	FY12/07A	Old	New	Change (%)
Zinc ore concentrates	9,645.0	30,741.5	18,203.3	(40.8)
Lead ore concentrates	4,172.0	15,813.3	12,144.6	(23.2)
Silver (kg)	3,162.0	9,759.4	8,458.2	(13.3)
Iron ore concentrates	69,434.0	110,682.0	119,196.0	7.7

Source: SBI E2-Capital

Lower our zinc price assumption. Due to the across the board rally in commodities prices between 2006 and 2007, we made aggressive zinc concentrate ASP assumption at RMB20,183.0/ton previously, which was based on the average monthly zinc metal spot price at Shanghai Changjiang Non-Ferrous Metal Exchange in 2007 of RMB27,287.0/ton . However, due to the oversupply situation in the zinc market, the overstock of zinc metal and lackluster demand outlook for zinc metal on the backdrop of slower world economy growth, we revise down our zinc concentrate ASP assumption for FY12/08F to RMB13,006.0/ton (calculated as zinc metal price multiple by the production yield factor). Our assumption is based on the average zinc metal spot price at Shanghai Changjiang Non-Ferrous Metal Exchange of RMB18,580.0/ton between 2H 2003 and 1H 2008. The average monthly China zinc metal spot for June 2008 and 1H08 were RMB16,950.0/ton and RMB20,012.5/ton, respectively.

Change in other metals ASP assumption. Further, we also revise down our lead concentrate ASP assumption to RMB8,806.0/ton for FY12/08F (calculated as lead metal price multiple by the production yield factor) from RMB14,152.0/ton. Our new lead concentrate ASP assumption is based on the average lead spot price at Shanghai Changjiang Non-Ferrous Metal Exchange of RMB12,580.3/ton between 2H 2003 and 1H 2008. On the other hand, we revise up our silver ASP assumption to RMB2.5/gram from RMB2.2/gram, due to the strong silver price. Our silver price assumption is based on the average monthly silver price of RMB4,195.0/kg in 1H 2008 at Shanghai Changjiang Non-Ferrous Metal Exchange. Due to the strong international iron ore price, we boost up our iron ore ASP assumption for FY12/08F to RMB770.0/ton from RMB550/ton.

Table 3: Change in ASP assumptions for FY12/08F

FY08F ASP assumption	FY12/07A	Old	New	Change (%)
Zinc ore concentrates (RMB/ton)	16,786.0	20,182.5	13,006.2	(35.6)
Lead ore concentrates (RMB/ton)	18,388.0	14,151.8	8,806.2	(37.8)
Iron ore concentrates (RMB/ton)	517.0	550.0	770.0	40.0

Source: SBI E2-Capital

BUY on attractive valuation. Hong Kong-listed metal mining plays are trading at an average one-year forward P/E of 13.0x and two-year forward P/E of 11.2x. Selected metal mining companies listed in Hong Kong, China, Canada and Australia are trading at average one-year forward P/E of 15.8x and two-year forward P/E of 12.8x. The average three-year earnings CAGR between FY07F and FY10F of the three non-gold producers in our peer group, Jiangxi Copper, Hunan Non-ferrous Metal and China Molybdenum is 12.6%, according to consensus forecasts. Meanwhile, they are trading at an average two-year forward PE/G of 0.1x. Based on its projected three-year EPS CAGR between FY12/07A and FY12/10F of 251.6%, the group is trading at a two-year forward PE/G of 0.02x. Compared with Jiangxi Copper, Hunan Non-ferrous Metal and China Molybdenum, the group's valuation is attractive, in our view.

At FY12/08F P/E of 7.0x and FY12/09F P/E of 5.1x, the group is trading at a discount to its HK-listed and international peers. Our target price of HK$7.0/share (equivalent to targeted FY12/09F P/E of 8.5x) represents a 24.0% discount to the HK-listed mining companies' average two-year P/E of 11.2x. Although our new target price is 23.7% lower than the previous target price, it still represents a potential upside of 66.7%. Thus, we reiterate our BUY recommendation on the group. Major risks of the group include the downside risk of our metal price assumptions and the execution risks of the acquisition of Hong Ling mine.

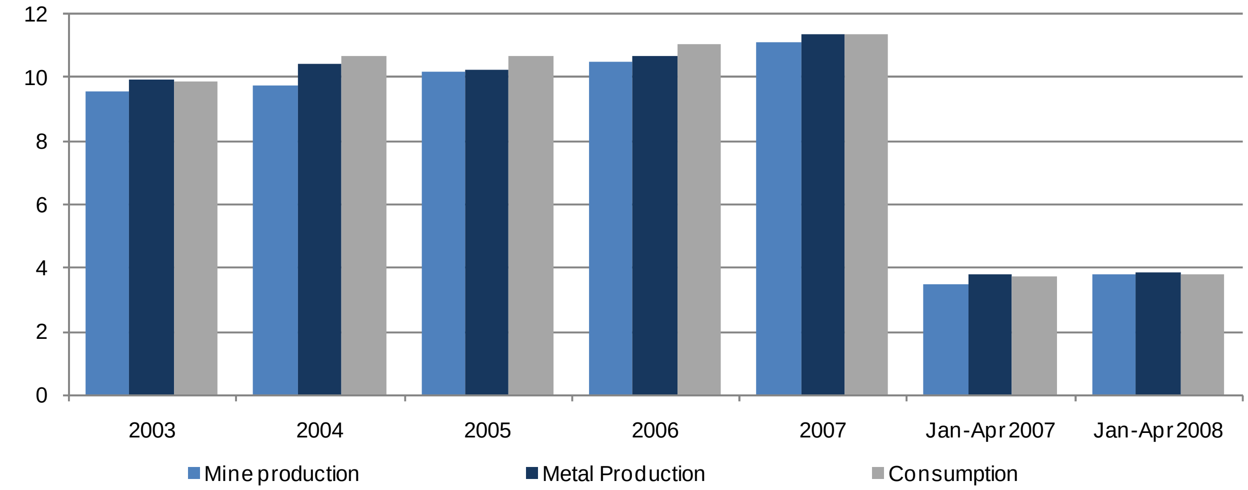
Table 4: Peer group comparison

Company name	Ticker	Year End	Currency	Price	Market Cap (US$m)	P/E (x) 1-yr forward	P/E (x) 2-yr forward
Jiangxi Copper Co Ltd	358 HK	Dec	HKD	14.9	8,864.7	7.8	7.9
Hunan Non-Ferrous Metal Corp Ltd	2626 HK	Dec	HKD	2.0	937.4	9.2	7.3
China Molybdenum Co Ltd	3993 HK	Dec	HKD	6.8	4,244.6	9.1	7.7
Zijin Mining Group Co Ltd	2899 HK	Dec	HKD	6.2	16,901.1	21.0	17.1
Lingbao Gold Co Ltd	3330 HK	Dec	HKD	3.2	312.5	7.0	6.3
Aluminum Corp of China Ltd	2600 HK	Dec	HKD	8.6	24,325.9	10.1	9.1
Zhaojin Mining Industry Co Ltd	1818 HK	Dec	HKD	8.9	1,074.8	16.1	14.9
Yunnan Chihong Zinc & Germanium Co Ltd	600497 CH	Dec	CNY	19.2	2,188.0	14.5	13.2
Energy Resources of Australia Ltd	ERA AU	Dec	AUD	23.8	4,347.0	46.5	23.0
Minara Resources Ltd	MRE AU	Dec	AUD	2.6	1,159.3	7.6	6.9
Mincor Resources NL	MCR AU	Jun	AUD	2.8	524.4	9.3	5.7
Independence Group NL	IGO AU	Jun	AUD	4.3	477.6	10.1	9.6
CBH Resources Ltd	CBH AU	Jun	AUD	0.2	147.6	3.0	4.0
Lundin Mining Corp	LUN CN	Dec	CAD	5.5	2,114.2	5.9	4.7
Cameco Corp	CCO CN	Dec	CAD	41.5	14,126.8	20.6	18.2
Average						*15.8*	*12.8*

Source: SBI E2-Capital

Zinc concentrate supply would increase. Between 2003 and 2007, global zinc mine production increased at a four-year CAGR of 3.8%, from 9.5m tons of zinc concentrates in 2003 to 11.0m tons of zinc concentrates in 2007. Global zinc concentrates output increased by 9.2% YoY to about 3.8m tons in the first four months in 2008. According to International Lead and Zinc Study Group (ILZSG), there were more than seven new mines (excluding China) with total annual capacities of 565,000.0 tons commissioned in 2007. ILZSG estimated that seven new mines (excluding China) with annual capacity of 525,000.0 would commence production in 2008. The increase in capacity would boost up the output of zinc concentrates. ILZSG projected in April that the global zinc concentrate output would increase by 10.4% YoY to about 12.1m in 2008.

Chart 1: World Refined Zinc Supply and Usage 2003 – 2008 (MT)

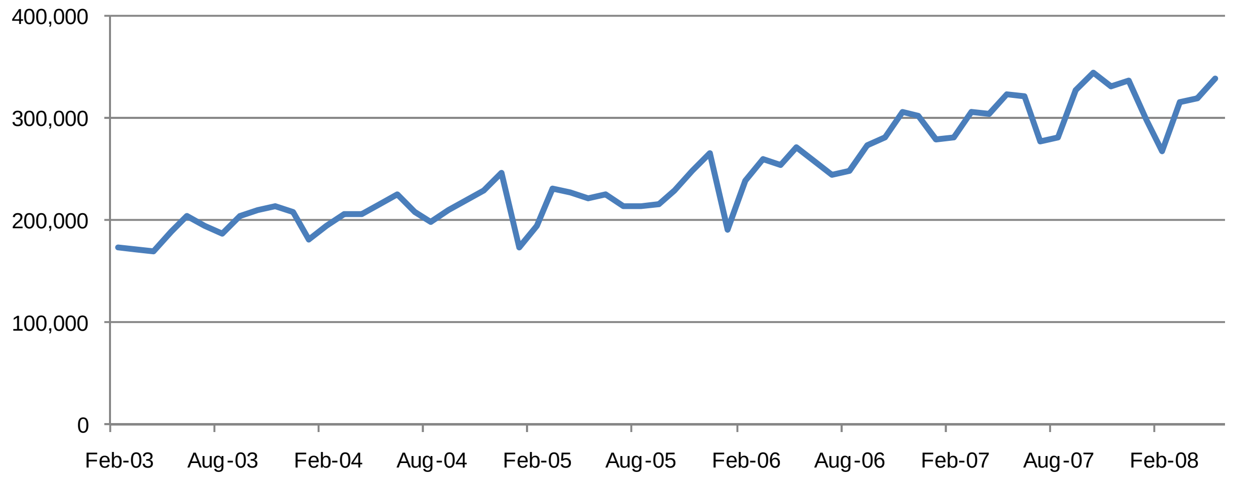


Source: ILZSG

Increase in refined zinc supply. Between 2003 and 2007, the global supplies of refined zinc products increased at a four-year CAGR of 3.4%, from 9.9m tons in 2003 to 11.3m tons in 2007. In the first four months of this year, global refined zinc production volume increased 1.5% YoY to 3.8m tons. ILZSG projected that global refined zinc output would increase by 6.4% YoY to about 12.1m tons in 2008, due to the increase in smelters' capacities, globally.

China zinc production. China zinc metal production volume increased at a four-year CAGR of 16.1%, from about 1.5m tons in 2003 to about 2.7m tons in 2007. In 2007, China refined zinc metal output accounted for approximately 23.9% of the global refined zinc metal production volume of 11.3m tons.

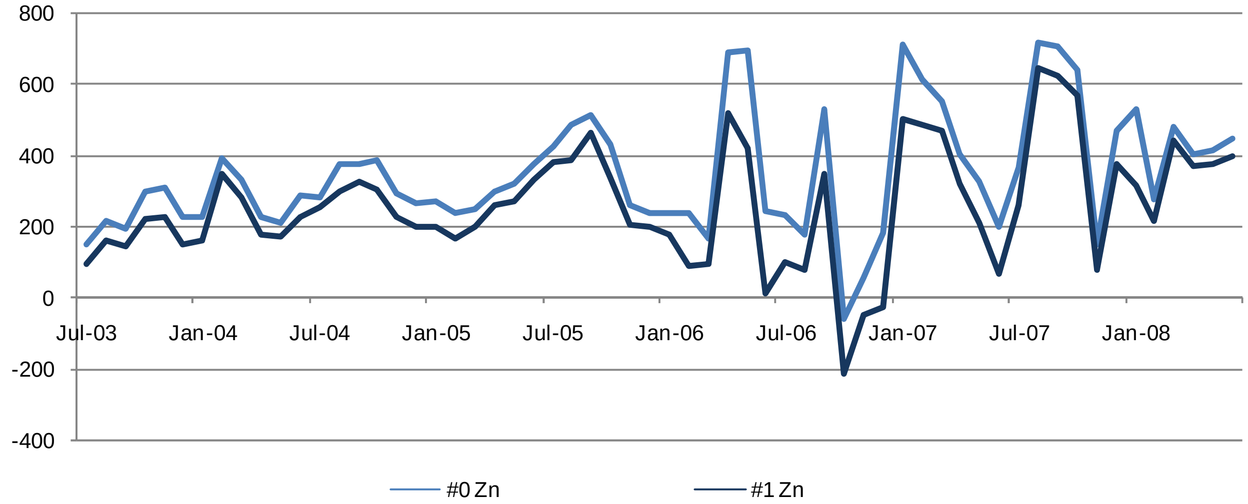
Chart 2: China monthly zinc production in Feb 03 - May 08 (MT)



Source: Bloomberg

Spread between China zinc price and LME zinc price. Spot zinc price of Shanghai Changjiang Non-Ferrous Metal Exchange has been trading at the premium over the three month forward zinc price at LME. In 2006, the average spread between the China zinc spot price and LME three-month forward price dropped 54.4% for #1 zinc and 17.4% for #0 zinc. But in 2007, the average spread widened by 72.0% for #0 zinc and 196.7% for #1 zinc. In the first half of this year, average spread between #0 zinc spot price of Shanghai Changjiang Non-Ferrous Metal Exchange and the three-month forward price at LME widened by 9.7%. Nevertheless, the average spread between #1 zinc spot price of Shanghai Changjiang Non-Ferrous Metal Exchange and the three-month forward price at LME narrowed by 2.4%.

Chart 3: Spread between China zinc price and LME monthly zinc price in Jul 03-June 08

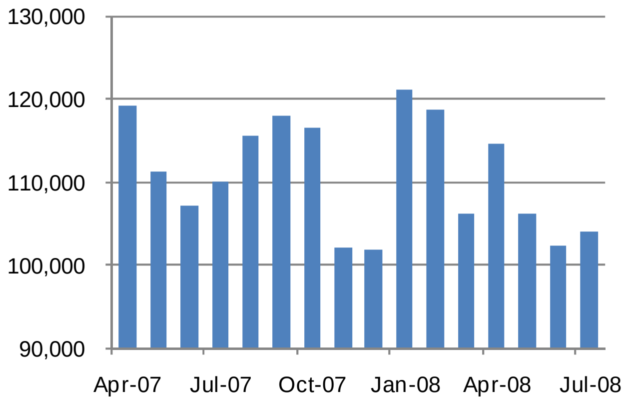


Source: Bloomberg

The spread is one of the major factors that affect the import of zinc metal to China. If the spread between the domestic market price and international market price widen, the import to China market will increase. It would increase the supply of zinc metal to the domestic market and suppress the domestic zinc spot price. Further, even if there is no spread between the domestic zinc metal spot price and LME forward zinc metal price, it is still rational for zinc consumer to import zinc metal to China. Thus, we estimate that the import of zinc metal to China will not drop substantially even if the spread narrowed. We reckon that the spread between the China zinc spot price and the LME three-month forward price represents transportation and logistics cost and import tariff. Zinc importer does not have to settle contract value in full when they take the delivery. Instead, they only need to make deposit to exporter and provide the letter of credit to exporter, which usually expire in three months or six months. Importer need to settle the balance of the contract value only when the letter of credit expired. Under such mechanism, trader can sell the imported zinc in domestic market in exchange for cash right the way and settle the balance of the contract three months later.

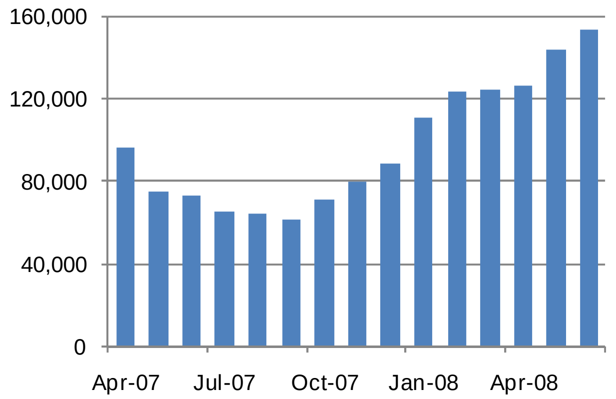
Stock pile. The average monthly warehouse stock of zinc in LME dropped 61.6% YoY and 61.0% YoY in 2006 and 2007, respectively, to 207,098.0 tons and 81,360.0 tons. However, the average warehouse stock of zinc in LME increased by 44.1% YoY to 130,442.0 tons in 1H 2008. Although the average monthly warehouse stock of zinc at Shanghai Changjiang Non-Ferrous Metal Spot Market dropped 14.1% to 102,374.0 tons in June 2008 from 119,131.0 tons in April 2007. Nevertheless, the total zinc inventory in China is estimated at 200,000.0 tons, equivalent to half of the month of zinc consumption volume in the country. The high inventory level would also exert pressure on zinc price.

Chart 4: China zinc weekly disposable stock in April 07- July 08 (MT)



Source: Shanghai Changjiang Non-Ferrous Metal Exchange

Chart 5: LME zinc warehouse stock in Apr 07 - July 08 (MT)



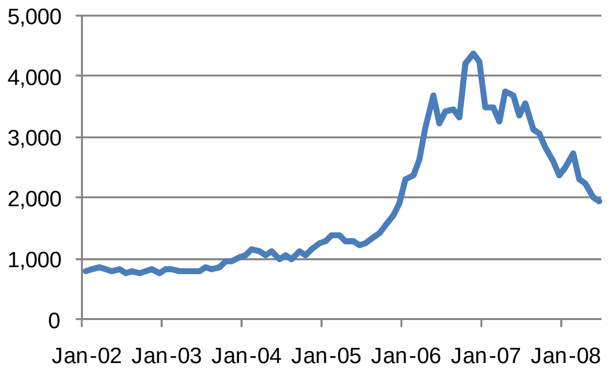
Source: Bloomberg

Lackluster demand outlook. International Monetary Fund (IMF) projected that the world GDP growth would decelerate to 3.7% in 2008 from 4.9% in 2007. GDP growth in advanced economies is projected to decelerate to 1.3% in 2008 from 2.7% in 2007. Meanwhile, GDP growths in the U.S. and EU are projected to decelerate to 0.5% and 1.4% in 2008, respectively, from 2.2% and 2.6% in 2007. GDP growth in emerging economies is project to decelerate to 6.7% in 2008 from 7.9% in 2007, and China GDP growth is projected to decelerate to 9.3% in 2008 from 11.4% in 2007. The decelerations in global economy growth will inevitable impact the demand growth of zinc metal. Nevertheless, thanks to its expanding infrastructure segment, demand for zinc metal in China would remain stable. We estimate that China accounted for approximately 30.0% of the global zinc consumption in 2007.

Supply outstrip demand. Between 2003 and 2007, global zinc metal consumption increased at a four-year CAGR of 3.6%, from 9.8m tons in 2003 to 11.3m tons in 2007. In the first four month of 2008, global zinc metal consumption increased 0.6% YoY to 3.7m tons. ILZSG projected the global zinc metal consumption to increase by 5.2% YoY to 11.9m tons in 2008. That says, the supply of refined zinc metal is projected to outstrip the demand for refined zinc metal by about 0.2m tons in this year.

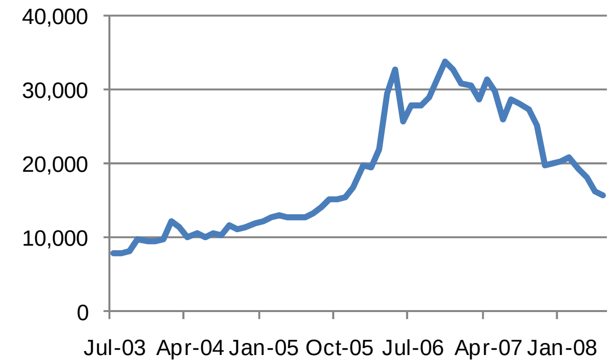
Zinc price trend. Annual average price of zinc three month forward contract traded on London Metal Exchange rose 27.0% YoY to US$1,086.6/MT in 2004, 31.1% YoY to US$1,424.6/MT in 2005 and surged 136.3% YoY to US$3,366.3/MT in 2006. Annual average zinc metal price peaked out in 2007 and dropped 4.7% YoY to US$3,209.3/MT. In June of this year, monthly average price of zinc forward plunged 42.3% YoY to US$1,932.0/MT. Spot price of zinc metal traded on Shanghai Changjiang Non-Ferrous Metal Spot Market in China rose 26.4% YoY to RMB13,950.8/MT in 2005. In 2006, it trailed the LME zinc forward price by surging 99.1% YoY to RMB27,776.3/MT. However, the domestic zinc price peaked in 2007 and dropped 1.8% YoY to RMB27,287.5/MT. In June 2008, China domestic zinc price plunged 38.7% YoY to RMB15,950.0/MT.

Chart 6: LME monthly zinc price between Jan 02 and June 08 (USD/MT)



Source: Bloomberg

Chart 7: Shanghai Changjiang monthly zinc spot price in July 03- June 08 (RMB/MT)



Source: Bloomberg

P & L (RMB m)	05A	06A	07A	08F	09F
Year to Dec					
Turnover	**102.4**	**184.6**	**294.0**	**437.6**	**565.6**
% chg	*9.9*	*80.3*	*59.2*	*48.9*	*29.3*
Gross profit	51.9	98.6	158.1	235.6	313.0
EBITDA	61.9	180.0	159.1	280.7	355.8
Depre./amort.	(27.2)	(42.5)	(30.7)	(70.0)	(73.2)
EBIT	34.8	137.5	128.4	210.7	282.6
Net int. income/(exp.)	(2.9)	(6.5)	8.3	(17.2)	5.5
Exceptionals	-	(90.9)	(83.7)	-	-
Associates	-	-	-	-	-
Jointly-controlled entit.	-	-	-	-	-
Pre-tax profit	**31.9**	**40.1**	**53.0**	**193.5**	**288.1**
Tax	(6.2)	(4.9)	(54.4)	(12.4)	(32.1)
Minority interests	(6.2)	(25.0)	8.9	(8.6)	(19.3)
Net profit	**19.5**	**10.3**	**7.6**	**172.5**	**236.7**
% chg	*41.0*	*(46.9)*	*(26.7)*	*2,178.2*	*37.2*
Dividends	4.2	-	-	-	-
Retained earnings	23.7	10.3	7.6	172.5	236.7
EPS (RMB) - Basic	0.097	0.049	0.030	0.550	0.732
EPS (RMB) - F.D.	0.096	0.047	0.025	0.529	0.726
DPS (RMB)	0.021	-	-	-	-
No. sh.s o/s (m) - W.A.	200.0	210.0	251.6	313.8	323.4
No. sh.s o/s (m) - Y.E.	200.0	249.8	304.2	323.4	323.4
No. sh.s o/s (m) - F.D.	202.3	220.8	304.2	326.0	326.0
Margins (%)					
Gross	*50.7*	*53.4*	*53.8*	*53.8*	*55.3*
EBITDA	*60.5*	*97.5*	*54.1*	*64.1*	*62.9*
EBIT	*34.0*	*74.5*	*43.7*	*48.1*	*50.0*
Pre-tax	*31.2*	*21.7*	*18.0*	*44.2*	*50.9*
Net	*19.0*	*5.6*	*2.6*	*39.4*	*41.8*

Balance Sheet (RMB m)	05A	06A	07A	08F	09F
Year to Dec					
Fixed assets	339.4	1,161.3	1,335.1	1,749.8	1,687.3
Intangible assets	0.5	5.5	7.3	7.3	7.3
Other LT assets	-	0.8	1.9	1.9	1.9
Cash	151.3	102.1	129.0	66.0	300.2
Accounts receivable	2.4	6.4	13.9	16.3	21.8
Other receivables	-	-	-	-	-
Inventories	-	7.9	23.9	28.1	37.6
Due from related co.s	-	4.6	22.6	-	-
Other current assets	-	0.1	0.2	0.2	0.2
Total assets	**493.6**	**1,288.6**	**1,533.9**	**1,869.7**	**2,056.4**
Accounts payable	(9.4)	(15.8)	(38.5)	(57.4)	(74.1)
Other payable	-	-	-	-	-
Tax payable	(2.9)	(3.7)	(1.9)	-	-
Due to related co.s	(2.8)	(8.6)	(6.2)	-	-
ST debts	(6.7)	(90.8)	(103.2)	(82.3)	(60.0)
Other current liab.	-	-	-	-	-
LT debts	(35.1)	(180.3)	(355.6)	(377.3)	(317.3)
Other LT liabilities	(10.0)	(147.3)	(235.6)	(235.6)	(235.6)
Total liabilities	**(67.0)**	**(446.6)**	**(741.1)**	**(752.6)**	**(687.0)**
Share capital	21.0	26.0	31.2	33.1	33.1
Reserves	304.5	456.1	648.6	962.4	1,195.3
Shareholders' funds	325.5	482.0	679.8	995.5	1,228.5
Minority interest	101.2	360.0	113.0	121.6	140.9
Total	426.7	842.0	792.8	1,117.1	1,369.4
Capital employed	468.5	1,113.2	1,251.7	1,576.8	1,746.7
Net (debt)/cash	**109.4**	**(169.1)**	**(329.9)**	**(393.7)**	**(77.1)**

Cash Flow (RMB m)	05A	06A	07A	08F	09F
Year to Dec					
EBIT	34.8	137.5	128.4	210.7	282.6
Depre./amort.	27.2	42.5	30.7	70.0	73.2
Net int. paid	2.9	6.5	19.8	17.9	13.8
Tax paid	(4.9)	(6.4)	(6.2)	(11.8)	(26.5)
Dividends received	-	-	-	-	-
Gross cashflow	**59.9**	**180.1**	**172.8**	**286.8**	**343.1**
Chgs. in working cap.	(13.5)	(6.2)	(41.3)	28.6	1.8
Operating cashflow	**46.4**	**173.9**	**131.5**	**315.3**	**344.9**
Capex	(0.4)	(420.1)	(418.9)	(494.0)	(20.0)
Free cashflow	**45.9**	**(246.1)**	**(287.4)**	**(178.7)**	**324.8**
Dividends paid	(4.2)	-	-	-	-
Net distribution to MI	(4.9)	(7.4)	-	-	-
Investments	-	-	-	-	-
Disposals	0.0	58.5	0.4	-	-
New shares	-	152.3	123.5	99.6	-
Change in loans			255.0	(34.5)	(69.0)
Others	20.0	(251.3)	(236.8)	49.8	60.7
Net cashflow	**56.8**	**(294.0)**	**(145.3)**	**(63.8)**	**316.5**
Net (debt)/cash - Beg.	52.6	109.4	(184.6)	(329.9)	(393.7)
Net (debt)/cash - End.	109.4	(184.6)	(329.9)	(393.7)	(77.1)

Interim Results (RMB m)	06A	07A
Six months to Jun		
Turnover	**54.9**	**134.9**
% chg		*145.5*
Profit from operations	28.4	65.4
Interest expenses	(2.6)	(7.4)
Associates	-	-
Jointly-controlled entit.	-	-
Pre-tax profit	**18.5**	**(4.0)**
Tax	(3.7)	(53.8)
Minority interests	(5.4)	6.1
Net profit	**9.4**	**(51.6)**
% chg		-
EPS (RMB) - Basic	0.046	(0.206)
DPS (RMB)	-	-

Shareholding Structure	Shares o/s (m)	%
Jiangsu Yue Da Group	119.9	36.8
Yang Long	33.3	10.2
Value Partner	20.0	6.1
Keywise Capital Management	33.6	10.3
Carlson Fund	20.3	6.2
Public	98.9	30.3
Total	**326.0**	**100.0**

Background

Listed on HKEx in 2001, Yue Da Mining (formerly known as Yue Da Holdings Ltd) was originally a toll road operator. In 2006, it acquired five non-ferrous metal mines in Yunnan and disposed of its interest in National Highway 204. Thereafter, it started focusing on non-ferrous metal mining.

Key Ratios	06A	07A	08F	09F	10F
Net gearing (%)	(29.1)	(40.4)	(41.2)	(6.2)	Cash
Net ROE (%)	2.6	1.3	20.6	21.3	25.1
EBIT ROCE (%)	17.4	10.9	14.9	17.0	20.7
Dividend payout (%)	-	-	-	-	-
Effective tax rate (%)	12.1	102.6	6.4	11.1	10.5
Net interest coverage (x)	21.2	na	12.3	na	na
A/R turnover (days)	8.8	12.6	12.6	12.3	12.5
A/P turnover (days)	25.0	33.8	40.0	42.4	42.0
Stock turnover (days)	16.7	42.7	47.1	47.5	51.8

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