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Yuanda China Holdings Limited

遠大中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2789)

CONNECTED TRANSACTION

The Board announces that on 21 February 2012, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Acquisition Agreement pursuant to which the Vendor agreed to sell the Sale Assets to the Purchaser for an aggregate consideration of RMB23.9 million (equivalent to approximately HK\$29.4 million).

The Vendor is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for the Company for the purpose of the Listing Rules.

As the applicable ratios in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements and exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE ACQUISITION AGREEMENT

Date: 21 February 2012

Parties to the Acquisition Agreement:

- (1) Shenyang Brilliant Elevator Co., Ltd. (瀋陽博林特電梯有限公司), as vendor, is a company incorporated in the PRC which is principally engaged in the manufacturing and sale of elevators. As at the date of this announcement, it is owned as to 74.94% by Mr. Kang, an executive Director and a controlling shareholder of the Company, and as to 25.06% by Yuanda Singapore, which is a subsidiary of the Yuanda Group, which is in turn owned by Mr. Kang. The Vendor is therefore a connected person of the Company for the purpose of the Listing Rules.

- (2) Shenyang Yuanda Metal Coating Co., Ltd. (瀋陽遠大金屬噴塗有限公司), as purchaser, is a wholly-owned subsidiary of the Company which is principally engaged in the plating and coating of metal products.

The Acquisition

Pursuant to the Acquisition Agreement, the Vendor has agreed to sell to the Purchaser the Sale Assets, which comprise of spray-painting and coating production equipment, compressors, elevators, transportation equipment, computers and testing equipment for processing metal products. The Sale Assets were purchased by the Vendor between 2007 to 2011 at an aggregate cost of approximately RMB33.43 million.

The book value of Sale Assets was approximately RMB23.75 million (equivalent to approximately HK\$29.3 million) as at 31 December 2011.

Consideration

The aggregate consideration for the Acquisition is RMB23.9 million (equivalent to approximately HK\$29.4 million). The consideration was determined after arm's length negotiations between the parties with reference to the value of the Sale Assets in the amount of RMB24.4 million as at 31 December 2011 as determined by an independent third party valuer. The Directors, including the independent non-executive Directors, are of the view that the terms of the Acquisition Agreement were concluded after arm's length negotiations under normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The consideration will be satisfied by the internal resources of the Group and is payable within 30 days from the execution of the Acquisition Agreement.

REASONS FOR THE TRANSACTION

The Group is principally engaged in the manufacturing and sale of curtain walls.

A division of the Vendor has been providing spray painting, related processing and assembly services to the Company. The Company considers that it would be able to better control the spray-painting and processing work directly and improve the quality of the Company's products by directly engaging in such manufacturing processes. In addition, the Company expects that it would be able to save on costs and enhance its competitive advantage against its competitors by directly engaging in such manufacturing processes.

The Company has elected to purchase the Sale Assets over new equipment as such equipment are in use and readily available and could save the Company on engineering design and delivery time, as well as costs on the equipment.

The Directors consider that the Acquisition was conducted after arm's length negotiations, under normal commercial terms and the terms were fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As a result of the Acquisition, it is expected that the continuing connected transaction with the Vendor in respect of spray painting and related processing and assembly services will cease upon the Company's own spray painting operation become operational.

GENERAL

The Vendor is owned as to 74.94% by Mr. Kang, an executive Director and a controlling shareholder of the Company, and as to 25.06% by Yuanda Singapore, which is a subsidiary of the Yuanda Group, which is in turn owned by Mr. Kang. The Vendor is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for the Company for the purpose of the Listing Rules.

As the applicable ratios in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements and exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Kang, who indirectly owns the Vendor, and Mr. Wang Lihui, who is the chief accountant of Yuanda Group, are considered to be interested in the transaction and have abstained from voting for the Board resolution to approve the Acquisition.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Assets by the Purchaser;
“Acquisition Agreement”	the agreement dated 21 February 2012;
“Board”	the board of directors of the Company;
“Company”	Yuanda China Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Kang”	Mr. Kang Baohua, an executive Director and a controlling shareholder of the Company;
“PRC”	the People’s Republic of China;
“Purchaser”	瀋陽遠大金屬噴塗有限公司 (Shenyang Yuanda Metal Coating Co., Ltd.), a company incorporated in the PRC, a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Sale Assets”	a spray-painting and coating production equipment, compressors, elevators, transportation equipment, computers and testing equipment for processing metal products;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	瀋陽博林特電梯有限公司 (Shenyang Brilliant Elevator Co., Ltd.), a company incorporated in the PRC and a subsidiary of Yuanda Group;
“Yuanda Group”	瀋陽遠大鋁業集團有限公司 (Shenyang Yuanda Aluminium Industry Group Ltd.), a company incorporated in the PRC and owned by Mr. Kang;

“Yuanda Singapore”

Yuanda Aluminium Industry Engineering (Singapore) Pte. Ld., a company incorporated in Singapore, a wholly owned subsidiary of the Yuanda Group.

In this announcement, translations from RMB to HK\$ is based on an exchange rate of RMB1.00 to HK\$1.2320 and is for illustration purpose only.

By Order of the Board
Yuanda China Holdings Limited
Tian Shouliang
Executive Director

Hong Kong, 21 February 2012

As at the date of this announcement, the executive directors are Mr. Kang Baohua, Mr. Tian Shouliang, Mr. Guo Zhongshan, Mr. Wang Yijun, Mr. Si Zuobao, Mr. Wu Qingguo, Mr. Wang Lihui and Mr. Wang Deqiang, and the independent non-executive directors are Mr. Poon Chiu Kwok, Mr. Woo Kar Tung, Raymond and Mr. Pang Chung Fai, Benny.