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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)

CONTINUING CONNECTED TRANSACTIONS

On 22 July 2013, Shenyang Yuanda, a wholly-owned subsidiary of the Company, entered into the Agreement with Puhua Construction pursuant to which Puhua Construction will provide the Services to Shenyang Yuanda and/or its associates for the three financial years ending 31 December 2015.

Puhua Construction is a wholly-owned subsidiary of Yuanda Group, which is in turn beneficially owned by Mr. Kang, an executive Director and the controlling shareholder of the Company. Accordingly, Puhua Construction is an associate of a connected person of the Company and the transactions contemplated under the Agreement constitute continuing connected transactions for the Company for the purpose of the Listing Rules.

Given that the applicable percentage ratios for the transactions contemplated under the Agreement will be on an annual basis more than 0.1% but less than 5%, the transactions contemplated under the Agreement will be exempt from the independent shareholders' approval requirement but subject to the annual review, reporting and announcement requirements set out in Chapter 14A of the Listing Rules.

THE AGREEMENT

Date: 22 July 2013

Parties:

- (1) Shenyang Yuanda; and
- (2) Puhua Construction. Puhua Construction is principally engaged in construction, decoration and renovation business. It is a wholly-owned subsidiary of Yuanda Group, which is in turn beneficially owned by Mr. Kang, an executive Director and the controlling shareholder of the Company. Accordingly, Puhua Construction is an associate of a connected person of the Company for the purpose of the Listing Rules.

Subject matter: Puhua will provide construction, decoration and renovation services to Shenyang Yuanda and/or its associates.

Term: The Agreement will be valid for three financial years ending 31 December 2015. The Agreement may be terminated prior to the expiry of such fixed term by either party giving not less than three months' prior written notice to the other party.

Annual caps: There were no historical transactions between the Group and Puhua Construction prior to 2013. For the period from 1 January 2013 to 22 July 2013, transactions between the Group and Puhua Construction amounted to RMB1,728,288 (or approximately HK\$2,183,569), which was within the de minimis amount set out by the Listing Rules and was exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The annual caps under the Agreement for each of the three years ending 31 December 2015 is RMB10,000,000 (or approximately HK\$12,652,000), RMB10,000,000 (or approximately HK\$12,652,000) and RMB10,000,000 (or approximately HK\$12,652,000), respectively.

The annual caps under the Agreement were determined with reference to the prevailing market rates for the provision of services of a similar nature and based on the contract amount of the confirmed construction projects and the planned construction projects of the Group.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

Shenyang Yuanda is principally engaged in the design, procurement, production, sale and installation of curtain wall systems and its main production facility is located in Shenyang, the PRC. Owing to the development of Shenyang Yuanda, the facility of Shenyang Yuanda requires constant building maintenance and upgrading work. Puhua Construction is a company that is principally engaged in the construction, decoration and renovation business.

Given that the Agreement was entered into after arm's length negotiations, with the terms being made under normal commercial terms, the Directors (including the independent non-executive Directors) consider that the Agreement was entered into in the normal and ordinary course of business of the Company, the terms of which, including the annual caps, are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

GENERAL

Puhua Construction is a wholly-owned subsidiary of Yuanda Group, which is in turn beneficially owned by Mr. Kang, an executive Director and the controlling shareholder of the Company. Accordingly, Puhua Construction is an associate of a connected person of the Company and the transactions contemplated under the Agreement constitute connected transactions for the Company for the purpose of the Listing Rules.

Given that the applicable percentage ratios for the transactions under the Agreement will be on an annual basis more than 0.1% but less than 5%, the transactions contemplated under the Agreement will be exempt from the independent shareholders' approval requirement but subject to the annual review requirements, reporting and announcement requirements set out in Chapter 14A of the Listing Rules.

Mr. Kang, who is the beneficial owner of Yuanda Group and indirectly holds 100% interest in Puhua Construction, is considered to be interested in the transactions contemplated under the Agreement. Mr. Kang therefore has abstained from voting for the Board resolution to approve the Agreement and the transactions contemplated thereunder.

DEFINITIONS

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

“Agreement”	the agreement dated 22 July 2013 between Shenyang Yuanda and Puhua Construction in relation to the Services;
“associate”	has the meaning ascribed to it under the Listing Rules;
“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”	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 the controlling shareholder of the Company;
“PRC”	the People’s Republic of China;
“Puhua Construction”	瀋陽遠大普華建築裝飾工程有限公司 (Shenyang Yuanda Puhua Construction and Decoration Engineering Co., Ltd.*), a company incorporated in the PRC and is a wholly-owned subsidiary of Yuanda Group;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Services”	the provision of construction, decoration and renovation services by Puhua Construction to the Group under the Agreement;
“Shareholder(s)”	shareholder(s) of the Company;
“Shenyang Yuanda”	瀋陽遠大鋁業工程有限公司 (Shenyang Yuanda Aluminium Industry Engineering Co., Ltd.), a company incorporated in the PRC and a wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“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.

* For identification purpose only

In this announcement, translations from RMB to HK\$ is based on an exchange rate of RMB1.00 to HK\$1.265 and is for illustration purpose only.

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

Hong Kong, 23 July 2013

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