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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**

#### **Shenyang Xinwan Fulong Purchase Agreement**

On 31 December 2013, the Company and Shenyang Xinwan Fulong entered into the Shenyang Xinwan Fulong Purchase Agreement, pursuant to which the Group agreed to purchase building materials and hardware tools from Shenyang Xinwan Fulong for a term of three financial years ending 31 December 2016.

Shenyang Xinwan Fulong is wholly-owned by Ms. Kang, the sister of Mr. Kang, the chairman and controlling shareholder of the Company, the transactions contemplated under the Shenyang Xinwan Fulong Purchase Agreement will constitute continuing connected transactions for the Company for the purpose of the Listing Rules.

#### **Yunada Singapore Supply Agreement**

On 31 December 2013, the Company and Yuanda Singapore entered into the Yuanda Singapore Supply Agreement, pursuant to which the Group will supply curtain wall products to Yunada Singapore for a term of three financial years ending 31 December 2016.

Yuanda Singapore is a wholly-owned subsidiary of Yuanda Group, a company owned by Mr. Kang, the chairman and controlling shareholder of the Company, the supply of curtain wall products by the Company to Yuanda Singapore under the Yuanda Singapore Supply Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

#### **Listing Rules Implications**

As the annual caps for each of the Shenyang Xinwan Fulong Purchase Agreement and the Yuanda Singapore Supply Agreement are over 0.1% but below 5% of the applicable ratios of Chapter 14A of the Listing Rules, the Shenyang Xinwan Fulong Purchase Agreement and the Yuanda Singapore Supply Agreement will be subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## Shenyang Xinwan Fulong Purchase Agreement

Date: 31 December 2013

Parties: (1) the Company  
(2) Shenyang Xinwan Fulong

Shenyang Xinwan Fulong is a company established in the PRC and is principally engaged in the trading of building materials and hardware tools. Shenyang Xinwan Fulong is wholly-owned by Ms. Kang, the sister of Mr. Kang, the chairman and controlling shareholder of the Company. Accordingly, the transactions contemplated under the Shenyang Xinwan Fulong Purchase Agreement constitutes continuing connected transactions for the Company for the purpose of the Listing Rules.

Subject: Pursuant to the terms of the Shenyang Xinwan Fulong Purchase Agreement, the Group will purchase building materials and hardware tools from Shenyang Xinwan Fulong.

Term: The Shenyang Xinwan Fulong Purchase Agreement has a term of three financial years ending on 31 December 2016.

Price: The term of supply of the building materials and hardware tools by Shenyang Xinwan Fulong to the Group under the Shenyang Xinwan Fulong Purchase Agreement will be based on the prevailing market prices of the building materials and hardware tools or on terms which are no less favorable to the Group than that are available to independent third parties.

Payment for the products supplied will be made in accordance with the normal market terms of supply of such products.

Cap amount: Pursuant to the Shenyang Xinwan Fulong Purchase Agreement, the Company has agreed to purchase the building materials and hardware tools from Shenyang Xinwan Fulong based on the pricing policy stated above during the term of the agreement subject to the following annual caps:

	<b>Year ended 31 December 2014 RMB</b>	<b>Year ended 31 December 2015 RMB</b>	<b>Year ended 31 December 2016 RMB</b>
Transaction amount	20,000,000	20,000,000	20,000,000

The annual caps for the Shenyang Xinwan Fulong Purchase Agreement were determined based on the historical transaction amount and taking into account the demand of the Company and the current market prices for such products. The Company and Shenyang Xinwan Fulong have entered into an agreement on 12 April 2011 on the purchase of building materials and hardware tools by the Group from Shenyang Xinwan Fulong. Such agreement will expire on 31 December 2013.

The table below summarises the actual purchases by the Group from Shenyang Xinwan Fulong for the two years ended 31 December 2012 and the nine months ended 30 September 2013:

	<b>Year ended 31 December 2011 RMB</b>	<b>Year ended 31 December 2012 RMB</b>	<b>Nine months ended 30 September 2013 RMB</b>
Annual Cap	17,000,000	18,500,000	20,000,000 <i>(Note)</i>
Actual transaction amount	4,900,000	4,100,000	6,795,000

*Note:* For the entire year of 2013.

**Transaction Reasons:** The Group is principally engaged in the manufacturing and sale of curtain walls. The Group would need to purchase building materials and hardware tools for both the manufacturing of the Group's products and for the installation and maintenance work. As the purchases of building materials and hardware tools cover a large variety of products of various quantity, it would be time consuming to source such products directly from the large number of suppliers. The purchase of such products from Shenyang Xinwan Fulong would reduce the administrative burden of the Group and improve the operation efficiency of the Group. As the purchases are made in the usual and ordinary course of business of the Group and in accordance with prevailing market prices, the Directors (including the independent non-executive Directors) are of the view that the entering into of the Shenyang Xinwan Fulong Purchase Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## Yuanda Singapore Supply Agreement

Date: 31 December 2013

Parties: (1) the Company  
(2) Yunada Singapore

Subject: Pursuant to the terms of the Yuanda Singapore Supply Agreement, the Group will supply curtain wall products to Yuanda Singapore.

Yuanda Singapore is principally engaged in curtain wall works and trading as well as investment holding. Yuanda Singapore is a wholly-owned subsidiary of Yuanda Group, a company owned by Mr. Kang, the chairman and controlling shareholder of the Company. Accordingly, the entering into of the Yuanda Singapore Supply Agreement constitutes continuing connected transactions for the Company for the purpose of the Listing Rules.

Term: The Yuanda Singapore Supply Agreement has a term of three financial years ending on 31 December 2016.

Price: The term of supply of the curtain wall products by the Group to Yuanda Singapore under the Yuanda Singapore Supply Agreement will be based on the prevailing market prices of the curtain wall products of the Group or on terms which are no less favorable to the Group than that available to independent third parties.

Payment for the products supplied will be made in accordance with the standard term of supply of curtain wall products of the Group.

Cap amount: Pursuant to the Yuanda Singapore Supply Agreement, the Company has agreed to supply curtain wall products to Yuanda Singapore based on the pricing policy stated above during the term of the Yunada Singapore Supply Agreement subject to the following annual caps:

	<b>Year ended 31 December 2014 RMB</b>	<b>Year ended 31 December 2015 RMB</b>	<b>Year ended 31 December 2016 RMB</b>
Transaction amount	80,000,000	40,000,000	40,000,000

The annual caps for the Yuanda Singapore Supply Agreement were determined based on the anticipated level of supply to Yuanda Singapore for the three years ended 31 December 2016. The Company and Yuanda Singapore have entered into an agreement on 12 April 2011 (as supplemented by a supplemental agreement on 15 November 2012) on the supply of curtain wall products to Yunada Singapore. Such agreement will expire on 31 December 2013.

As disclosed in the prospectus of the Company dated 20 April 2011, the Company has established a wholly-owned subsidiary in Singapore to carry out curtain wall contracting projects. However, the ability of the Singapore subsidiary to contract for large-scale public projects at that time was limited by its lack of local contracting experience and the Group has entered into an agreement with Yuanda Singapore to supply the curtain wall products for the projects won by Yuanda Singapore, and it was expected that Yuanda Singapore will gradually cease its curtain wall business when the Singapore subsidiary of the Group is able to gain its own accreditation to undertake large-scale projects in Singapore. Owing to delays in the projects undertaken by Yuanda Singapore, it is currently expected completion of the projects will only take place in 2016. As the supply of the products under the Yuanda Singapore Supply Agreement is only to facilitate the completion of the existing projects of Yuanda Singapore, it is expected that the supply will gradually decrease over time and hence the decline in the annual caps from 2014 to 2016.

The table below summarises the actual supply of curtain wall products by the Group to Yuanda Singapore for the two years ended 31 December 2012 and the nine months ended 30 September 2013:

	<b>Year ended 31 December 2011 RMB</b>	<b>Year ended 31 December 2012 RMB</b>	<b>Nine months ended 30 September 2013 RMB</b>
Annual cap	120,000,000	208,000,000	156,000,000 (Note)
Actual transaction amount	28,500,000	183,000,000	114,690,000

Note: For the entire year of 2013.

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

The supply of curtain wall products under the Yuanda Singapore Supply Agreement to Yuanda Singapore to facilitate it to complete its unfinished projects is in the usual and ordinary course of business of the Company. As the supply of curtain wall products to Yuanda Singapore is in accordance with the prevailing market prices of the curtain wall products of the Group, the Directors (including the independent non-executive Directors) are of the view that the transactions under the Yuanda Singapore Supply Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **IMPLICATION UNDER THE LISTING RULES**

Both the Shenyang Xinwan Fulong Purchase Agreement and the Yuanda Singapore Supply Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the annual caps for each of the Shenyang Xinwan Fulong Purchase Agreement and the Yuanda Singapore Supply Agreement are over 0.1% but below 5% of the applicable ratios of Chapter 14A of the Listing Rules, the Shenyang Xinwan Fulong Purchase Agreement and the Yuanda Singapore Supply Agreement will be subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Kang, being the brother of Ms. Kang and the owner of Yuanda Group, is considered to be materially interested in the Shenyang Xinwan Fulong Purchase Agreement and the Yuanda Singapore Supply Agreement. Accordingly, Mr. Kang has abstained from voting for the Board resolutions to approve the Shenyang Xinwan Fulong Purchase Agreement and the Yuanda Singapore Supply Agreement. Mr. Tian Shouliang is a director of Yuanda Singapore is also considered to be interested in the Yuanda Singapore Supply Agreement and has abstained from voting on the Board resolution to approve the Yuanda Singapore Supply Agreement.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which banks are open for business in Hong Kong and the PRC;
“Company”	Yuanda China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Kang”	Mr. Kang Baohua (康寶華), the chairman, executive Director and controlling shareholder of the Company;
“Ms. Kang”	Ms. Kang Fengxian (康鳳仙), the sister of Mr. Kang;
“PRC”	the People’s Republic of China, excluding Hong Kong, Macao Special Administrative Region of the PRC and the Republic of China for the purpose of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Shenyang Xinwan Fulong”	瀋陽欣萬福隆商貿有限公司(Shenyang Xinwan Fulong Commerce Co., Ltd.*), a company incorporated in the PRC and owned by Ms. Kang;
“Shenyang Xinwan Fulong Purchase Agreement”	the agreement dated 31 December 2013 entered into between the Company and Shenyang Xinwan Fulong;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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. Ltd., a company incorporated in Singapore, a wholly-owned subsidiary of Yuanda Group;
“Yuanda Singapore Supply Agreement”	the agreement dated 31 December 2013 entered into between the Company and Yuanda Singapore.

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

31 December 2013

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

\* *For identification purposes only*