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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)

**VERY SUBSTANTIAL DISPOSAL
IN RELATION TO LAND RESUMPTION IN SHENYANG
AND
RESUMPTION OF TRADING**

THE LAND RESUMPTION

The Board announces that, according to the relevant land planning requirement of the Local Government, on 12 July 2018 (after trading hours), Shenyang Yuanda, a wholly-owned subsidiary of the Company entered into the Land Resumption Agreement with the Local Representatives, each an Independent Third Party, pursuant to which the Local Representatives will resume, and Shenyang Yuanda will surrender, the Resumed Land in consideration of a compensation of RMB550,000,000 payable by the Local Representatives to Shenyang Yuanda.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Land Resumption exceed 75%, the Land Resumption constitutes a very substantial disposal for the Company and is therefore subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge of Directors, information and belief, having made all reasonable enquiries, none of the Shareholders has any material interest in the Land Resumption as contemplated under the Land Resumption Agreement and therefore none of the Shareholders and their associates is required to abstain from voting in respect of the ordinary resolution to approve the Land Resumption Agreement and the transactions contemplated thereunder at the EGM.

GENERAL

A circular containing, among other things, (i) further information in relation to the Land Resumption Agreement and the Land Resumption thereunder; and (ii) an independent valuation report in relation to the Resumed Land; (iii) the notice contemplated convening EGM; and (iv) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 7 August 2018 in accordance with the Listing Rules.

Completion of the Land Resumption is conditional upon the satisfaction of the Conditions Precedent. Accordingly, the Land Resumption may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange of Hong Kong Limited has been halted with effect from 9:00 a.m. on Friday, 13 July 2018, pending the release of this announcement.

Application has been made to the Stock Exchange of Hong Kong Limited for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on Wednesday, 18 July 2018.

LAND RESUMPTION AGREEMENT

DATE OF THE LAND RESUMPTION AGREEMENT

12 July 2018 (after trading hours)

PARTIES TO THE LAND RESUMPTION AGREEMENT

Vendor: Shenyang Yuanda Aluminum Engineering Industry Limited, a direct wholly-owned subsidiary of the Company.

Local Representatives: 1. Shenyang Economic & Technological Land Reserve Center; and
2. Shenyang Economic & Technological Land and Housing Expropriation and Compensation Service Center

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Local Representatives and their ultimate beneficial owner (s) are Independent Third Parties.

Pursuant to the Land Resumption Agreement, the Local Government will resume, and Shenyang Yuanda will surrender, the Resumed Land in consideration of a compensation of RMB550,000,000 payable by the Local Representatives to Shenyang Yuanda. Subject to the existing security underlying the Resumed Land having been released and related registration having been completed, the Local Representatives shall arrange for the listing-for-sale of the Resumed Land.

LAND TO BE RESUMED

The Resumed Land has an aggregate area of approximately 54 hectares, located at the southern side of the factory district in Shenyang Economic & Technological Development District, Shenyang City, the PRC, and has been included in the land planning project of the Local Government. Pursuant to the Land Resumption Agreement, the Local Government will resume, and Shenyang Yuanda will surrender the Resumed Land, which comprised of five parcels of land along with the factory premises and ancillary structures constructed thereon by Shenyang Yuanda. Particulars of the Resumed Land are set out below:

Address:	No. 22, 13th St, Shenyang Economic & Technological Development District, Shenyang City, Liaoning Province, PRC (“Land A”)	No. 24, 13th St, Shenyang Economic & Technological Development District, Shenyang City, Liaoning Province, PRC (“Land B”)
Size of total area of the Resumed Land	358,614.81 sq.m.	180,739.42 sq.m.
Size of total construction area	192,544.74 sq.m.	41,397.89 sq.m.
Current land use	Industry	Industry

Among which, Land A comprises of two parcels of land with the size area of 171,966.9 square meters and 186,647.91 square meters, respectively. Land B comprises of three parcels of land with size area of 139,316.97 square meters, 30,118.27 square meters and 11,304.18 square meters, respectively.

The Resumed Land has been approved for industrial use and was used as part of the Group’s manufacturing plants for steel structure production purpose. The Resumed Land is currently held as idle land with no manufacturing activities being operated by the Group thereon since 2016.

COMPENSATION AND PAYMENT TERMS

Pursuant to the Land Resumption Agreement, the total compensation payable to Shenyang Yuanda for the Land Resumption will be RMB550,000,000, which shall be payable in cash by the Local Representatives to Shenyang Yuanda in the following manner and timeline:

- (1) RMB100,000,000 shall be paid by the Local Representatives to Shenyang Yuanda upon the entering into of the Land Resumption Agreement and Shenyang Yuanda shall arrange the release of the pledge in relation to four out of five parcels of the Resumed Land within one month from the receipt of such payment;

- (2) RMB350,000,000, being the second payment of the compensation, shall be paid by the Local Representatives to Shenyang Yuanda after the pledge in relation of four out of five parcels of the Resumed Land has been released and the related registrations have been completed and sale of such portion of the Resumed Land through the listing-for-sale process has been completed; upon receipt of the second payment, Shenyang Yuanda shall arrange the release of the pledge in relation to the remaining parcel of the Resumed Land within one month; and
- (3) RMB100,000,000, being the final payment of the compensation shall be paid by the Local Representative to Shenyang Yuanda upon the pledge in relation of the remaining parcel of the Resumed Land has been released and the factory premises and ancillary structure established on the Resumed Land have been removed and demolished.

The compensation for the Resumed Land was determined by the Local Government with reference to, amongst other things, the laws, regulations, and procedures applicable to resumption of state-owned land of the Local Government and the preliminary indicative valuation of the Resumed Land in the amount of RMB548,000,000 as assessed by LCH (Asia-Pacific) Surveyors Limited, an independent professional surveyor engaged by Shenyang Yuanda, of the value of the Resumed Land as at 5 July 2018. The Directors consider the terms of the Land Resumption Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

CONDITIONS PRECEDENT

Completion of the Land Resumption is subject to satisfaction of the following Conditions Precedent:

- (1) approval for Land Resumption Agreement and the Land Resumption contemplated thereunder by the Shareholders at the EGM having been obtained; and
- (2) the Company having obtained the necessary approval, including approval from any governmental or regulatory authorities or bodies, in relation to the Land Resumption Agreement and the Land Resumption contemplated thereunder.

Subject to the terms and conditions of the Land Resumption Agreement, if any of the Conditions Precedent is not satisfied on or before the Long Stop Date, the parties to the Land Resumption Agreement may mutually agree to extend the Long Stop Date. If the Conditions Precedent to the Land Resumption Agreement is not satisfied, the Land Resumption will not proceed. If either party breaches the Land Resumption Agreement, the relevant expenses incurred shall be borne by the defaulting party.

COMPLETION

Subject to satisfaction of the Conditions Precedent, completion of the Land Resumption shall take place on the seventh Business Day after all the Conditions Precedent have been satisfied or such other date as otherwise agreed by the Local Representatives and Shenyang Yuanda in writing, but in any event on or before the Long Stop Date. On completion, Shenyang Yuanda shall surrender the Resumed Land to the Local Representatives in good condition, up to the relevant environmental standard and free of encumbrance with all factory premises and ancillary structures established thereon having been demolished.

REASONS AND BENEFITS FOR THE LAND TO BE RESUMED

The Group is a provider of one-stop integrated curtain wall solutions including the design of curtain wall systems, procurement of materials, fabrication and assembly of curtain wall products, performing testing, installation of products at construction sites, and after-sales services.

Based on the land planning requirement of the Local Government, the Resumed Land has been included in the land resumption project. As the plant and machinery on the Resumed Land have been laid idle and it is not expected that the Group will need the Resumed Land for manufacturing activities in the near future, it will not have any impact and/on negative effects on the production and operation of the Group after completion of the Land Resumption. Accordingly, the Company is willing to cooperate with the Local Government to accomplish the Land Resumption. Furthermore, the proceeds and the possible gain from the Resumed Land could provide the Group with additional cash flow and enhance the overall working capital position of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Land Resumption Agreement and the Land Resumption contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Financial Effects of the Disposal

Based on the latest audited financial statements as at 31 December 2017, the net asset value of the Resumed Land along with the factory premises and ancillary structures constructed thereon was approximately RMB471,479,978. On the assumption that the Land Resumption has been completed as at 31 December 2017, and taking into consideration of the compensation amount of RMB550,000,000 payable to Shenyang Yuanda and the estimated cost for the necessary removal and demolition, the Company is expected to record an estimated net gain before tax of RMB68,520,022 from the Land Resumption. However, the actual amount of net gains from the Land Resumption can only be determined after completion of the Land Resumption. Further, the actual amount of net gains is subject to audit and may be subject to change.

Proposed Use of Proceeds

The Company intends to apply (i) 95% of the net proceeds from the compensation of the Land Resumption for the repayment of bank loans; and (ii) 5% of the net proceeds from the compensation of the Land Resumption for the Group's general working capital.

INFORMATION ON SHENYANG YUANDA AND THE PURCHASER

Shenyang Yuanda is a wholly-owned subsidiary of the Company and is principally engaged in design, procurement, production, sale and installation of curtain wall systems.

The Local Representatives, for the purpose of the Land Resumption under the Land Resumption Agreement, are the local authorities responsible for the implementation of the Land Resumption and the preliminary organization work for the listing-for-sale of the Resumed Land.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Land Resumption exceed 75%, the Land Resumption constitutes a very substantial disposal for the Company and is therefore subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

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DEFINITIONS

“Board”	the board of Directors
“Company”	Yuanda China Holdings Limited, a company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of Stock Exchange
“Conditions Precedent”	conditions precedent to the completion of the Land Resumption as set out in the section headed “Conditions Precedent” in this announcement

“connected person(s)”	has the same meaning ascribe under the Listing Rules
“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Land Resumption Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	a person or company who or which is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, independent of and not connected with the Company and its connected persons
“Land Resumption ”	the proposed disposal of the Resumed Land by Shenyang Yuanda to the Local Representatives pursuant to the terms and conditions of the Land Resumption Agreement
“Land Resumption Agreement”	an agreement entered into between Shenyang Yuanda and the Local Representatives dated 12 July 2018 in relation to the Land Resumption
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Local Government”	the People’s Government of Shenyang Tiexi District
“Local Representatives”	(i) Shenyang Economic & Technological Land Reserve Center; and (ii) Shenyang Economic & Technological Land and Housing Expropriation and Compensation Service Center, being the local bodies entrusted by the Local Government to be responsible for the implementation of the Land Resumption
“Long Stop Date”	three months after the signing of the Land Resumption Agreement or such other date as otherwise agreed by the Local Representatives and Shenyang Yuanda in writing
“PRC”	the People’s Republic of China

“Resumed Land”	the land which is intended to be resumed by Local Government pursuant to the Land Resumption Agreement, namely (a) land A which comprises of two parcels of land, located at No. 22, 13th St, Shenyang Economic & Technological Development District, Shenyang City, Liaoning Province, PRC with an aggregate area of approximately 358,614.81 sq.m. together with factories and other structure with an aggregate gross floor area of 192,544.74 sq.m.; and (b) land B which comprises of three parcels of land, located at No. 24, 13th St, Shenyang Economic & Technological Development District, Shenyang City, Liaoning Province, PRC with an aggregate area of approximately 180,739.42 sq.m. together with factories and other structure with an aggregate gross floor area of 41,397.81 sq.m.
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares of the Company
“Shareholder(s)”	holders of the Shares
“Shenyang Yuanda”	Shenyang Yuanda Aluminum Engineering Industry Limited (瀋陽遠大鋁業工程有限公司), a direct wholly-owned subsidiary of the Company
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

By order of the Board
Yuanda China Holdings Limited
Kang Baohua
Chairman

The People’s Republic of China, 17 July 2018

As at the date of this announcement, the executive Directors are Mr. Kang Baohua, Mr. Li Hongren, Mr. Liu Futao, Mr. Ma Minghui, Mr. Wang Hao 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.