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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stock broker, or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Yuanda China Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee(s).

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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
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Capitalized terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 3 to 10 of this circular.

A notice convening the EGM to be held at Conference Room 310, Block C, No. 20, 13th Street, Shenyang Economic and Technological Development District, Shenyang, China on Friday, 14 September 2018 at 10:00 a.m. is set out on pages 35 to 36 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

27 August 2018

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DEFINITIONS

“Announcement”	the announcement of the Company dated 17 July 2018 in relation to the Land Resumption Agreement and the Land Resumption contemplated thereunder
“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 circular
“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 held at Room 310, Block C, No. 20, Street 13, Shenyang Economic & Technological Development Area, Shenyang, China on Friday, 14 September 2018 at 10:00 a.m., 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
“Latest Practicable Date”	22 August 2018, being the latest practicable date for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“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 intend to be disposed by Shenyang Yuanda pursuant to the 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 41,397.89 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

LETTER FROM THE BOARD



CNYD

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)

Executive Directors:

Kang Baohua (*Chairman*)
Li Hongren (*Chief executive officer*)
Liu Futao
Ma Minghui
Wang Hao
Zhang Lei

Independent Non-Executive Directors:

Poon Chiu Kwok
Woo Kar Tung, Raymond
Pang Chung Fai, Benny

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Headquarters in China:

No. 20, Street 13
Shenyang Economic & Technological
Development Area
Shenyang 110027
China

Place Of Business in Hong Kong:

Unit 1121, 11/F
No. 1 Block, Grand Central Plaza
138 Shatin Rural Committee Road
Shatin
Hong Kong

27 August 2018

To the Shareholders

Dear Sir and Madam,

**VERY SUBSTANTIAL DISPOSAL
IN RELATION TO LAND RESUMPTION IN SHENYANG
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in which the Board announced 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

LETTER FROM THE BOARD

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.

The purpose of this circular is to provide the Shareholders, (i) further information in relation to the Land Resumption Agreement and the Land Resumption thereunder; (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.

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 (Shenyang Yuanda), a direct wholly-own 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.

LETTER FROM THE BOARD

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 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 comprise of two parcels of land with the size area of 171,966.9 square meters and 186,647.91 square meters, respectively. Land B comprise 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;

LETTER FROM THE BOARD

- (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 valuation of the Resumed Land as at 5 July 2018 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.

As at the Latest Practicable Date, RMB100,000,000 has been paid by the Local Representatives to Shenyang Yuanda as first payment for the Land Resumption pursuant to the Land Resumption Agreement.

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.

As at the Latest Practicable Date, condition (2) above has been satisfied.

LETTER FROM THE BOARD

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 DISPOSAL

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.

LETTER FROM THE BOARD

EARNINGS

The Resumed Land have been laid idle and it does not have a separate and identifiable income stream from which the net profits attributable to them can be provided and as such, the Board is of the view that the Land Resumption is not expected to have a significant impact on the earnings of the Group other than the potential gain of approximately RMB68,520,022 as disclosed above.

It is estimated that the Group's earning ability would not be materially and adversely affected by the Land Resumption given that it is not expected that the Group will need the Resumed Land for manufacturing activities in the near future.

The carrying value of the Resumed Land to be resumed pursuant to the Land Resumption Agreement and the actual costs attributable to the Land Resumption will be charged to the Group's income statement.

ASSETS AND LIABILITIES

On the assumption that the Land Resumption has been completed as at 31 December 2017, subject to audit, the consolidated intangible assets of the Group will be reduced by approximately RMB222,958,886 as a result of the resumption of the land use right in respect of the Resumed Land and the consolidated fixed assets of the Group will be reduced by approximately RMB248,521,092 as a result of Land Resumption. Upon full payment of the compensation for the Land Resumption taking into consideration of the estimated cost for the demolition work, the consolidated cash in bank of the Company will be increased by approximately RMB540,000,000 (exclusive of related taxation). In this connection, the net assets of the Group will be increased by RMB68,520,022.

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 LOCAL REPRESENTATIVES

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.

LETTER FROM THE BOARD

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.

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM which an ordinary resolution will be proposed for the Shareholders to consider, if thought fit, to approve the Land Resumption Agreement and the Land Resumption contemplated thereunder to be held at Conference Room 310, Block C, No. 20, 13th Street, Shenyang Economic and Technological Development District, Shenyang, China on Friday, 14 September 2018 at 10:00 a.m. is set out on pages 35 to 36 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

RECOMMENDATION

The Board considers that the Land Resumption is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution proposed to be considered at the extraordinary general meeting to approve the Land Resumption Agreement and the Land Resumption contemplated thereunder.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the information contained in the appendices to this circular.

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

The People's Republic of China, 27 August 2018

THREE YEAR'S FINANCIAL INFORMATION

The audited consolidated financial statements of the Group, together with the accompanying notes, for each of the three years ended 31 December 2015, 2016 and 2017 are disclosed in the annual reports of the Company for the financial years ended 31 December 2015 (pages 89 to 208), 31 December 2016 (pages 124 to 256), and 31 December 2017 (pages 112 to 244), respectively, and are incorporated by reference into this circular.

Please refer the links below:

The audited consolidated financial statement for the year ended 31 December 2015, please refer to http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0428/LTN20160428943_C.pdf.

The audited consolidated financial statement for the year ended 31 December 2016, please refer to http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0427/LTN20170427492_C.pdf.

The audited consolidated financial statement for the year ended 31 December 2017, please refer to http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0424/LTN20180424714_C.pdf.

The said annual reports of the Company are published on both the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (<http://www.yuandacn.com>).

INDEBTEDNESS STATEMENT

As at the close of business on 30 June 2018, being the latest practicable date for the purpose of preparing this statement of indebtedness of this circular, the Group has the following outstanding bank and other loans:

	<i>RMB'000</i>
Secured by property, plant and equipment and land use rights of the Group	992,000
Guaranteed by a company under the control of the Controlling Shareholder	690,000
Secured by property, plant and equipment and land use rights of and guaranteed by a company under the control of the Controlling Shareholder	396,996
Secured by property, plant and equipment and land use rights of the Group and guaranteed by a company under the control of the Controlling Shareholder	198,498
Unguaranteed and unsecured	150,000
Subtotal	2,427,494
Other loans	
Amounts due to a company under the control of the Controlling Shareholder	
– Unguaranteed and unsecured	<u>390,688</u>
Total	<u><u>2,818,182</u></u>

WORKING CAPITAL

After due and careful consideration, the Directors are of the opinion that, taking into account the Group's internal resources, available banking facilities and the financial effects of the Land Resumption and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for the period of twelve months from the date of this circular.

MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The curtain wall industry is expected to face a challenging environment in 2018. Considering factors such as the curbing of demands, the reduction of residents' leverage and unbalanced demand and supply, tightening financing environment will further weaken the willingness of property developers to invest in 2018; and the sales volume of new projects is expected to decline. The Group will closely monitor trends and developments in the macro-economy and sector markets, taking heed to enhance its sensitivity and perception of market developments so that it could proactively formulate forward-looking business strategies in response to changes in the external business conditions.

MANAGEMENT DISCUSS AND ANALYSIS

Set out below is the management discussion and analysis of the performance and other information of the Group, for the year ended 31 December 2017. Unless the context otherwise require, capitalised terms used therein shall have the same meanings as those ascribed in the Company's annual reports for the three years ended 31 December 2017.

The Company aims to increase shareholder value through sustainable revenue and earnings growth and free cash flow generation.

1. Revenue

For the year ended 31 December 2017, the revenue of the Group decreased by about RMB1,635.7 million or 22.3% as compared with last year to about RMB5,688.7 million (2016: about RMB7,324.4 million). the revenue from domestic market of the Group decreased by about RMB1,290.9 million or 28.3% as compared with last year to about RMB3,273.4 million (2016: about RMB4,564.3 million), contributing approximately 57.5% of the total revenue of the Group. The decline is due to the revenue shrank in Northeast and East China; and the revenue from overseas market of the Group decreased by about RMB344.8 million or 12.5% as compared with last year to about RMB2,415.3 million (2016: about RMB2,760.1 million), contributing approximately 42.5% of the total revenue of the Group.

2. Cost of sales

In 2017, the cost of sales of the Group decreased by about RMB1,592.7 million or 26.4% as compared with last year to about RMB4,439.7 million (2016: about RMB6,032.4 million). With the decrease in revenue, the related costs of sales were correspondingly decreased.

3. Gross profit and gross profit margin

In 2017, the gross profit of the Group decreased by about RMB43.1 million or 3.3% as compared with last year to about RMB1,248.9 million (2016: about RMB1,292.0 million). The gross profit margin of the Group increased by about 4.4% as compared with last year to about 22.0% (2016: about 17.6%). The Group's gross profit margin kept growing, which was mainly attributable to strengthened budget management and cost control and higher gross profit margin of newly-accepted projects of the Group.

4. Foreign exchange risk

The overseas projects of the Group were mainly dominated in USD, GBP, AUD and SGD. To hedge any foreign exchange risks, the Group has entered into forward foreign exchange contracts which hedge the forecast transactions and monetary assets denominated in foreign currencies of the Group. The Group ensures that net exposure to currency risk arising from assets and liabilities maintained at an acceptable level.

5. Administrative expenses

In 2017, the administrative expenses of the Group decreased by about RMB139.9 million or 12.6% as compared with last year to about RMB971.6 million (2016: about RMB1,111.5 million), accounted for approximately 17.1% of the operating revenue of the Group (2016: 15.2%). The decrease in administrative expenses was a combined effect of: (i) the headcount optimization policy implemented over the past few years, which resulted in the decrease in the staff cost of administrative staff; and (ii) the Group continued to maintain the principle of prudence, and the provision for bad debts increased as compared with last year, resulting in the increase of administrative expenses.

6. Employees and remuneration policies

As at 31 December 2017, the Group had 6,094 full-time employees in total (31 December 2016: 7,425). The decrease in the number of full-time employees was the result of the Group's headcount optimization. The Group has sound policies of management incentives and competitive remuneration, which align with the interests of management, employees and shareholders' alike. The Group sets its remuneration policy with reference to the prevailing market conditions and the performance of the individuals concerned, subject to review from time to time. The components of the remuneration package consist of basic salary, allowances, and fringe benefits, including medical insurance and contributions to pension funds, as well as incentives like discretionary bonus and share options.

7. Net current assets and financial resources

As at 31 December 2017, the net current assets of the Group increased by about RMB981.9 million or 64.3% as compared with last year to about RMB2,508.8 million (31 December 2016: about RMB1,526.9 million). As at 31 December 2017, the cash on hand and in bank of the Group decreased by about RMB557.1 million or 23.6% as compared with last year to about RMB1,805.6 million (31 December 2016: about RMB2,362.7 million), mainly denominated in RMB, USD, Australian Dollar (“AUD”), Indonesian Rupiah (“IDR”), Malaysia Ringgit (“MYR”) and Singapore Dollar (“SGD”).

8. Newly-awarded projects (including VAT)

During the year 2017, the aggregate amount of new-awarded projects of the Group decreased by about RMB1,963.0 million or 32.1% as compared with last year to about RMB4,156.1 million (2016: about RMB6,119.1 million). The main reason for the change was the tight domestic liquidity which has lowered the investment in commercial real estate.

9. Significant investment

The Group did not make any significant investments as at 31 December 2017.

10. Significant investment

As at 31 December 2017, the Group did not have any material acquisitions and disposals of its subsidiaries and associated companies.

11. Charge on assets

As at 31 December 2017, the Group’s bank loans of approximately RMB1,261.6 million were secured by property, plant and equipment and land use rights with an aggregate carrying value of approximately RMB1,050.9 million. Save as disclosed above, the Group had no other charge on its assets as at 31 December 2017.

12. Future plans for significant investments or capital assets

Based on the audited annual report as at 31 December 2017, a subsidiary of the Group has a plan for capital expenditure with the amount of RMB28.2 million for building as new factory.

13. Bank loans and gearing ratio

As at 31 December 2017, the total bank loan of the Group decreased by about RMB616.4 million or 17.3% as compared with last year to about RMB2,943.6 million (31 December 2016: about RMB3,560.0 million). The Group’s gearing ratio (calculated by total liabilities divided by total assets) was 72.1% (31 December 2016: 77.2%).

14. Contingent liability*(a) Guarantee issued*

As at 31 December 2017, the Group has the following guarantee issued:

	<i>RMB'000</i>
Guarantees for construction contracts' bidding, performance and retentions	1,780,253

The Directors do not consider it probable that a claim in excess of the provision for warranties with total amount of RMB309,395,000 provided by the Group as at 31 December 2017 will be made against the Group under any of the guarantees. The maximum liability of the Group under the guarantees issued as at 31 December 2017 is the amount disclosed above.

(b) Contingent liabilities in respect of legal claims

- (i) In December 2009, Shenyang Yuanda Aluminum Industry Engineering Co., Ltd. ("Shenyang Yuanda") and Yuanda Aluminum Engineering (India) Private Limited ("Yuanda India"), both wholly owned subsidiaries of the Group, jointly received a notice that they are being sued by a former sub-contractor in Republic of India ("India") in respect of Shenyang Yuanda's and Yuanda India's non-performance of the terms as stipulated in the sub-contract agreement entered into between Shenyang Yuanda and this former sub-contractor. Shenyang Yuanda has made a counterclaim against this sub-contractor for non-performance of the sub-contract agreement. On 30 September 2016, a first instance court judgement has been rendered in favour of Shenyang Yuanda and Yuanda India and pursuant to which the former sub-contractor shall pay to Shenyang Yuanda and Yuanda India damages in the amount of Indian Rupee ("INR") 81.8 million (equivalent to approximately RMB8.4 million) plus accrued interest. The former sub-contractor and Shenyang Yuanda and Yuanda India later on filed appeals and as at the date of this circular, the lawsuit is under reviewed before the Hon'ble High Court of Delhi. If Shenyang Yuanda and Yuanda India are found to be liable, the total expected monetary compensation may amount to approximately INR1,410.8 million (equivalent to approximately RMB143.9 million) plus accrued interest. Shenyang Yuanda and Yuanda India deny any liability in respect of the appeal filed by the former sub-contractor and, based on legal advice, the directors of the Company do not believe it is probable that the court will find against Shenyang Yuanda and/or Yuanda India. No provision has therefore been made in respect of this claim.
- (ii) In November 2014, Yuanda Canada Enterprises Ltd. ("Yuanda Canada"), a wholly owned subsidiary of the Group, received a notice that it is being counterclaimed by a contractor in Canada alleging damages due to additional costs incurred for project delays caused by Yuanda Canada and costs

incurred in completing and rectifying Yuanda Canada's work. This counterclaim is derived from a claim registered by Yuanda Canada against the contractor in respect of its non-payment of Canadian Dollar ("CAD") 2.9 million (equivalent to approximately RMB15.1 million) for the value of work performed by Yuanda Canada. If Yuanda Canada is found to be liable, the total expected monetary compensation may amount to approximately CAD13.5 million (equivalent to approximately RMB70.2 million) plus accrued interest. Yuanda Canada continues to deny any liability in respect of the counterclaim and, based on legal advice, the directors of the Company do not believe it is probable that the court will find against Yuanda Canada. No provision had therefore been made in respect of this claim.

- (iii) On 20 April 2016, LLC Yuanda Curtain Wall ("Yuanda Russia"), a wholly-owned subsidiary of the Group, initiated an arbitration proceeding against Rasen Stroy LLC ("Rasen Stroy"), a contractor of Yuanda Russia, in the arbitration tribunal in Moscow to demand payment of the outstanding construction payable of USD6.5 million (equivalent to approximately RMB42.5 million) and apply for a protection order in relation to letters of guarantee issued by Yuanda Russia to Rasen Stroy. Rasen Stroy filed a counterclaim against Yuanda Russia on 27 July 2016 claiming for USD37.4 million (equivalent to approximately RMB244.4 million).

In respect of Yuanda Russia's claim, on 9 September 2016, the arbitration tribunal in Moscow ruled that Rasen Stroy shall make payment of an outstanding construction payable of USD2.8 million (equivalent to approximately RMB18.3 million) to Yuanda Russia and Yuanda Russia's application for a protection order in relation to the letters of guarantee was dismissed. In respect of Rasen Stroy's counterclaim, on 5 October 2016, the arbitration tribunal in Moscow ruled in favour of Rasen Stroy and that Yuanda Russia shall pay 50% of the amount Rasen Stroy claimed for, which is USD18.7 million (equivalent to approximately RMB122.2 million).

Yuanda Russia disagrees with the above ruling and filed an appeal against the ruling. The appeal by Yuanda Russia was dismissed by the relevant tribunal and the ruling that Yuanda Russia shall pay 50% of the amount Rasen Stroy claimed for was maintained. Yuanda Russia later on filed a second appeal. On 2 May 2017, the arbitration tribunal in Moscow ruled in favour of Rasen Stroy and that the claimed amount Yuanda Russia is liable for was reduced to USD3.4 million (equivalent to approximately RMB22.1 million). In June 2017, Yuanda Russia and Rasen Stroy both filed further appeals. In August 2017, the arbitration tribunal in Moscow rejected the further appeals of Rasen Stroy. As at 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up), Yuanda Russia continued to deny any liability in respect of Rasen Stroy's counterclaim and, based on legal advice and taking into account of Yuanda Russia's financial position as at the end of the

reporting period, the Directors do not believe Yuanda Russia will incur material losses in connection with this lawsuit, no provision has therefore been made in respect of this lawsuit.

- (iv) In addition to the lawsuits mentioned above, certain subsidiaries of the Group are named defendants on other lawsuits or arbitrations in respect of construction work carried out by them. As at the Latest Practicable Date, these lawsuits and arbitrations are under reviewed before courts or arbitrators. If these subsidiaries are found to be liable, the total expected monetary compensation may amount to approximately RMB245.5 million, the Group's bank deposits of RMB17.8 million at 31 December 2017 was frozen by courts for certain of these lawsuits. Based on legal advices, the directors of the Company do not believe it is probable that the courts or arbitrators will find against these subsidiaries of the Group on these lawsuits and arbitrations.

(c) Contingent Compensation payable

In July 2016, it was reported that certain construction materials supplied by the Group was found to contain asbestos in two construction projects in Australia. The Group is cooperating with relevant authorities on investigation into the reason for the reported cases. As at 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up), asbestos was not found in other projects constructed by the Group and there was no related legal action against the Group in Australia. As the investigation is yet to be completed and claims against the Group from contractors have not been quantified, the Directors cannot reliably estimate the repair cost and potential compensation for projects found with asbestos. No provision in this regard has therefore been made.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, normal trade and other payables, and receipt in advance as at 31 December 2017, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities as at 31 December 2017.

The following is the valuation report, prepared for the purpose of incorporation in this circular received from LCH (Asia-Pacific) Surveyors Limited, an independent professional surveyor, in connection with its valuation as at 5 July 2018 of the Resumed Land.



利駿行測量師有限公司
LCH (Asia-Pacific) Surveyors Limited
PROFESSIONAL SURVEYOR
PLANT AND MACHINERY VALUER
BUSINESS & FINANCIAL ASSETS VALUER

The readers are reminded that the report which follows has been prepared in accordance with the reporting guidelines set by the International Valuation Standards 2017 (“IVS”) and published by the International Valuation Standards Council which followed by the HKIS Valuation Standards 2017 Edition (the “HKIS Standards”) and published by the Hong Kong Institute of Surveyors (the “HKIS”). The standards entitle the valuer to make assumptions which may on further investigation, for instance by the readers’ legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer. Translations of terms in English or in Chinese are for reader’s identification purpose only and have no legal status or implication in this report. This report was prepared and signed off in English format, translation of this report in language other than English shall only be used as a reference and should not be regarded as a substitute to this report. Piecemeal reference to this report is considered to be inappropriate and no responsibility is assumed from our part for such piecemeal reference. It is emphasised that the findings and conclusions presented below are based on the documents and facts known to us at the Latest Practicable Date of this Circular. If additional documents and facts are made available, we reserve the right to amend this report and its conclusions.

17th Floor
Champion Building
287-291 Des Voeux Road Central
Hong Kong
27 August 2018

The Board of Directors
Yuanda China Holdings Limited
No. 20, Street 13
Shenyang Economic & Technological Development Area
Shenyang 110027
Liaoning Province
The People’s Republic of China

Dear Sirs,

In accordance with the instructions given by the present management of Yuanda China Holdings Limited (hereinafter referred to as the “Instructing Party”) to us to value a designated real property (same as the word property in this report) currently held by Shenyang Yuanda Aluminum Industry Engineering Co., Ltd. (hereinafter referred to as the “Shenyang Yuanda”) has interests in the People’s Republic of China (hereinafter referred to

as the “PRC” or “China”) and is intend to be disposed by Shenyang Yuanda, we confirm that we have conducted inspections, made relevant enquiries and obtained such further information as we consider necessary to support our conclusion of value of the property as at 5 July 2018 (hereinafter referred to as the “Valuation Date”) for Yuanda China Holdings Limited (hereinafter referred to as the “Company”) shareholders’ reference purpose. The Company together with its subsidiary including Shenyang Yuanda hereinafter referred to as the “Group”. This valuation report comprises the text section and property particulars with values section.

We understand that the use of our work product (regardless of the form of presentation) will form part of the Instructing Party’s business due diligence but we have not been engaged to make specific sales or purchase recommendations, or give opinion for financing arrangement. We further understand that the use of our work product will not supplant other due diligence which the Instructing Party should conduct in reaching business decision regarding the property valued. Our work is designed solely to provide independent valuation that will give the Instructing Party a reference for its due diligence process, and our work should not be the only factor to be referenced by the Instructing Party. Our findings and value of the property are documented in this valuation report to this circular (the “Circular”) and submitted to the Company at today’s date (hereinafter referred to as the “Report Date”).

BASIS OF VALUATION AND ASSUMPTIONS

According to the IVS, there are two valuation bases to value a property, namely market value basis and valuation bases other than market value. In this engagement, we have provided our opinion of value of the property on the market value basis.

The term “Market Value” is defined by the IVS as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently and without compulsion”.

Unless otherwise stated, our valuation of the property held by the Group has been made on the assumptions that, as at the Valuation Date,

1. the legally interested party in the property has absolute title to its relevant property interest;
2. the legally interested party in the property has free and uninterrupted rights to assign its relevant property interest for the whole of the unexpired terms as granted, and any premiums payable have already been fully paid;
3. the legally interested party in the property sells its relevant property interest in the market in its existing states as an unique interest without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the property interest;

4. the property has obtained relevant government's approvals for the sale of the property and is able to dispose of and transfer free of all encumbrances (including but not limited to the cost of transaction) in the market; and
5. the property can be freely disposed of and transferred free of all encumbrances as at the Valuation Date for its existing uses in the market to both local and overseas purchasers without payment of any premium to the government.

Should any of the above not be the case, it will have adverse impact to the value as reported.

APPROACH TO VALUE

In valuing the property, having considered the general and inherent characteristics of the property, we have adopted the depreciated replacement cost ("DRC") approach which is an application of the Cost Approach in valuing specialised properties like the property. The use of this approach requires an estimate of the market value of the land use rights for its existing use, and an estimate of the new replacement cost of the buildings and other site works from which deductions are then made to allow for age, condition, and functional obsolescence taken into account of the site formation cost and those public utilities connection charges to the property. The land use rights of the property have been determined from market-based evidences by analysing similar sales or offerings of comparable properties.

The valuation of the property is on the assumption that the property is subject to the test of adequate potential profitability of the business having due regard to the value of the total assets employed and the nature of the operation.

By using this approach, the land should be assumed to have the benefit of planning permission for the replacement of the existing buildings and it is always necessary when valuing the land, to have regard to the manner in which the land is developed by the existing buildings and site works, and the extent to which these realise the full potential value of the land. When considering a notional replacement site, it should normally be regarded as having the same physical and location characteristics as the actual site, other than characteristics of the actual site which are not relevant, or are of no value, to the existing use. In considering the buildings, the gross replacement cost of the buildings should take into consideration everything which is necessary to complete the construction from a new green field site to provide buildings as they are, at the Valuation Date, fit for and capable of being occupied and used for the current use. These costs to be estimated are not to erect buildings in the future but have the buildings available for occupation at the Valuation Date, the work having commenced at the appropriate time.

We need to state that our opinion of value on the property is not necessarily intended to represent the amount that might be realised from disposition of its land use rights or various buildings on piecemeal basis in the open market.

In this valuation, we have not carried out a valuation on a redevelopment basis and the study of possible alternative development options and the related economics do not come within the scope of our work.

In this valuation, we were instructed not to include machineries and equipment items in the property into our valuation.

MATTERS THAT MIGHT AFFECT THE VALUE REPORTED

For the sake of valuation, we have adopted the areas as appeared in the copies of the documents as provided and no further verification work has been conducted. Should it be established subsequently that the adopted areas were not the latest approved, we reserve the rights to revise our report and that valuation accordingly.

No allowance has been made in our valuation for any charges, mortgages, outstanding premium or amounts owing on the property valued nor any expenses or taxation which may be incurred in affecting a sale of the property. Unless otherwise stated, it is assumed that the property is free from all encumbrances, restrictions, and outgoings of an onerous nature which could affect the value.

In our valuation, we have assumed that the property is able to be sold and purchased in the market without any legal impediment (especially from the regulators). Should this not be the case, it will affect the reported value significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

As at the Latest Practicable Date of this Circular, we are unable to identify any adverse news against the property which may affect the reported conclusion of value in our work product. Thus, we are not in the position to report and comment on its impact (if any) to the property. However, should it be established subsequently that such news did exist at the Valuation Date, we reserve the right to adjust the value reported herein.

ESTABLISHMENT OF TITLES

Based on the purpose of this engagement and the market value basis of valuation, the Instructing Party or the appointed personnel of the Group were requested to provide us the necessary documents to support the Group's titles to the property, and that the Group has free and uninterrupted rights to transfer, to mortgage or to let its relevant property interests (in this instance, an absolute title) for the whole of the unexpired terms as granted, free of all encumbrances and any premiums payable have already been paid in full or outstanding procedures have been completed. We have been provided with copies of the documents. However, we have not examined the original documents to verify the ownership and encumbrances, or to ascertain the existence of any amendments which may not appear on the copies handed to us. All documents disclosed (if any) are for reference only and no responsibility is assumed for any legal matters concerning the legal titles and the rights (if any) to the property valued. Any responsibility for our misinterpretation of the documents cannot be accepted.

The land registration system of China forbids us to search the original documents of the property that are filed in the relevant authorities, and to verify legal titles or to verify any material encumbrances or amendment which may not appear on the copies handed to us. We need to state that we are not legal professionals and are not qualified to ascertain the titles and to report any encumbrances that may be registered against the property in China. However, we have complied with the requirements as stated in the Listing Rules (as defined in this Circular) and relied solely on the copies of document and the copy of the PRC legal opinions provided by the Instructing Party with regard to the legal titles of the property. We are given to understand that the PRC legal opinions were prepared by the Company's PRC legal adviser, Liangyou Law Firm Liaoning dated on 17 July 2018. No responsibility or liability from our part is assumed in relation to those legal opinions.

In our valuation, we have assumed that the legally interested party in the property has obtained all the approval and endorsement from the relevant authorities to own or to use the property, and that there would have no legal impediment (especially from the regulators) for the legally interested party to continue the ownership of the property. Should this not be the case, it will affect our conclusion of value in this report significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY

The property was last inspected by Mr Alex Lam, a graduate surveyor, in March 2018. We have inspected the exterior, and where possible, the interior of the property in respect of which we have been provided with such information as we have requested for the purpose of our valuation. We have not inspected those parts of the property which were covered, unexposed or inaccessible and such parts have been assumed to be in a reasonable condition. We cannot express an opinion about or advice upon the condition of the property and our work product should not be taken as making any implied representation or statement about the condition of the property. No structural survey, investigation or examination has been made, but in the course of our inspection we did not note any serious defects in the property

valued. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out to the utilities (if any) and we are unable to identify those utilities covered, unexposed or inaccessible.

We have not carried out on-site measurements to verify the correctness of the areas of the property, but have assumed that the areas and the official layout plans shown on the documents handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement and the agreed procedures did not include an independent land survey to verify the legal boundaries of the property. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the legal boundaries of the property that appeared on the documents handed to us. No responsibility from our part is assumed. The Instructing Party or interested party in the property should conduct their own legal boundaries due diligence work.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the property, or has since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. Thus, we have not considered such factor in our valuation.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have assumed that no contaminative or potentially contaminative uses have ever been carried out in the property. We have not carried out any investigation into past or present uses, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the property from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the property or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the value now reported.

SOURCES OF INFORMATION AND ITS VERIFICATION

In the course of our valuation, we have provided with copies of the documents regarding the property, and these copies have been referenced without further verifying with the relevant bodies and/or authorities. Our procedures to value did not require us to conduct any searches or inspected the original documents to verify the ownership or to verify any amendment which may not appear on the copies handed to us. We need to state that we are not legal professional, therefore, we are not in the position to advise and comment on the legality and effectiveness of the documents provided by the Instructing Party.

We have relied solely on the information provided by the Instructing Party or the appointed personnel of the Group without further verification and have fully accepted advice given to us on such matters as planning approvals or statutory notices, locations, titles, easements, tenure, occupation, lettings, rental, site and floor areas and all other relevant matters.

Our valuation has been made only based on the advice and information made available to us. While a limited scope of general inquiries had been made to the local property market practitioners, we are not in a position to verify and ascertain the correctness of the advice given by the relevant personnel. No responsibilities or liability is assumed.

Information furnished by others, upon which all or portions of our work product are based, is believed to be reliable but has not been verified in all cases. Our procedures to work do not constitute an audit, review, or compilation of the information provided. Thus, no warranty is made nor liability assumed for the accuracy of any data, advice, opinions, or estimates identified as being furnished by others which have been used in formulating our work product.

When we adopted the work products from other professions, external data providers and the Instructing Party or the appointed personnel of the Group in our works, the assumptions and caveats that adopted by them in arriving at their figures also applied to our work. The procedures we have taken do not provide all the evidence that would be required in an audit and, as we have not performed an audit, accordingly, we do not express an audit opinion.

We are unable to accept any responsibility for the information that has not been supplied to us by the Instructing Party or the appointed personnel of the Group. We have sought and received confirmation from the Instructing Party or the appointed personnel of the Group that no material factors have been omitted from the information supplied. Our analysis and valuation are based upon full disclosure between us and the Instructing Party of material and latent facts that may affect our works.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Instructing Party or the appointed personnel of the Group. We consider that we have been provided with sufficient information to reach an informed view, and have had no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts are in Renminbi Yuan (“RMB”).

OPINION OF VALUE

Based on the above information and assumptions, we are of the opinion that the Market Value of the property as at Valuation Date in its existing states and assuming free of all encumbrances, was in the order of RENMINBI FIVE HUNDRED FORTY-EIGHT MILLION YUAN ONLY (RMB548,000,000).

LIMITING CONDITIONS

Our findings and conclusion of value of the property in this report are valid only for the stated purpose and only for the sole use of the Instructing Party. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and we accept no responsibility whatsoever to any other person.

Our valuation has been made on the assumption that no unauthorised alteration, extension or addition has been made in the property, and that our inspections and the use of this report do not purport to be a building survey of the property. We have assumed that the property is free of rot and inherent danger or unsuitable materials and techniques.

No responsibility is taken for changes in market conditions and local government policy and no obligation is assumed to revise our report to reflect events or conditions, which occur or make known to us subsequent to the date hereof.

Neither the whole nor any part of this report or any reference made hereto may be included in any published documents, circular or statement, or published in any way, without our written approval of the form and context in which it may appear.

No action or proceedings for any breach of this engagement shall be commenced against us after the expiry of three years from completion of our services.

Our liability for loss or damage shall be limited to such sum as we ought reasonably to pay having regard to our responsibility for the same on the basis that all other consultants and specialists, shall where appointed, be deemed to have provided to the Instructing Party contractual undertakings in respect of their services and shall be deemed to have paid to the Instructing Party such contribution as may be appropriate having regard to the extent of their responsibility for such loss or damage.

Our liability for any loss or damage arising out of the action or proceedings aforesaid shall, notwithstanding the preceding provisions, in any event be limited to a sum not exceeding the charges paid to us for the portion of services or work products giving rise to liability.

In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, loss of profits, opportunity cost etc.), even if it has been advised of their possible existence. For the avoidance of doubt our liability shall never exceed the lower of the sum calculated in accordance with the preceding provisions and the sum provided for in this clause.

It is agreed that the Company and the Instructing Party are required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our report except to the extent that any such losses,

expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

STATEMENTS

The report is prepared in line with the requirements contained in guidelines contained in the IVS. The valuation has been undertaken by us, acting as external valuer, qualified for the purpose of the valuation.

We retain a copy of this report together with the information provided by the Instructing Party for the purpose of this valuation, and the information will, according to the Laws of Hong Kong, be kept for a period of 6 years from the date it provided to us and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Instructing Party's authorisation and prior arrangement made with us. Moreover, we will add the Company's information into our client list for our future reference.

The valuation of the property depends solely on the assumptions made in our report and not all of which can be easily quantified or ascertained exactly. Should some or all of the assumptions prove to be inaccurate at a later date, it will affect the reported value significantly.

We hereby certify that the fee for this service is not contingent upon our conclusion of value, and we have no significant interests in the property, the Group or the value reported.

Yours faithfully,

For and on behalf of

LCH (Asia-Pacific) Surveyors Limited

Elsa Ng Hung Mui

B.Sc. M.Sc. RPS (GP)

Executive Director

Contributing Valuer:

Junior J Ho B.Sc. M.Sc.

Note: Sr Elsa Ng Hung Mui is a Registered Professional Surveyor who has been conducting valuation of real estate properties in Hong Kong, Macau and mainland China since 1994. She is a Fellow of The HKIS and a valuer on the List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by The HKIS.

PROPERTY PARTICULARS WITH VALUE

Property held by Shenyang Yuanda under various long-term title certificates in the PRC and valued on market value basis

Property	Description and tenure	Particulars of occupancy	Amount of valuation in its existing state attributable to Shenyang Yuanda as at 5 July 2018 RMB
5 parcels of land with 26 various buildings and structures erected thereon located at No. 22 and 24 Thirteenth Street Shenyang Economic and Technological Development Zone Shenyang City Liaoning Province The People's Republic of China	The property comprises five various parcels of land having a total site area of approximately 539,354.23 square meters ("sq. m.") with 26 various major buildings and structures erected thereon.	As confirmed by the Instructing Party and the appointed personnel of the Group and as inspected by us, the property was vacant as at the Valuation Date. (See Note 5 below)	548,000,000 (100 per cent. Interest) (See Notes 4 and 5 below)
110027	The buildings and structures which are covered by various Realty Title Certificates include 16 various single to 2-storey workshops or ancillary facilities and 4 various 6-storey dormitory buildings which were completed in between 2007 and 2010. They have a total gross floor area of approximately 233,942.63 sq. m. (See Note 2 below)		
	There are six various ancillary facilities and structure, which are not covered by any Realty Title Certificate, erected on the land having a total gross floor area of approximately 4,719.09 sq. m. According to the information provided to us, they were completed in between 2007 and 2015. (See Note 3 below)		
	The property is subject to a right to use the land for various terms till 3 July 2063 for industrial usages. (See Note 1 below)		

Notes:

1. The right to possess the land is held by the State and the rights to use the land have been granted by the State to 瀋陽遠大鋁業工程有限公司 (translated as Shenyang Yuanda Aluminum Industry Engineering Co., Ltd. and hereinafter referred to as “Shenyang Yuanda”) through the following ways, they are:

pursuant to 5 various State-owned Land Use Rights Certificates known as Shen Kai Guo Yong (2009) Di 000109 Hao, Shen Kai Guo Yong (2011) Di 010 Hao, Shen Kai Guo Yong (2011) Di 223 Hao, Shen Kai Guo Yong (2011) Di 224 Hao and Shen Kai Guo Yong (2013) Di 102 Hao (瀋開國用(2009)第000109號, 瀋開國用(2011)第010號, 瀋開國用(2011)第223號, 瀋開國用(2011)第224號及瀋開國用(2013)第102號) dated 18 May 2009, 13 February 2011, 10 October 2011, 10 October 2011 and 12 August 2013 respectively and issued by the People’s Government of Shenyang City (瀋陽市人民政府), the legally interested party in the land of the property having a total site area of approximately 539,354.23 sq. m. is Shenyang Yuanda for a term till 21 April 2059, 31 August 2060, 17 March 2057, 17 March 2057 and 3 July 2063 respectively for industrial usages.

2. Pursuant to 20 various Realty Title Certificates known as Shen Fang Quan Zheng Zhong Xin Zi Di (瀋房權證中心字第) Nos. N060314608, N060314611, N060314618, N060314624, N060314903, N060314904 and N060314906 dated 1 September 2011 and N060315998 to N060316001 dated 6 September 2011 issued by the Realty Title Certificate Registration & Issuing Center of Shenyang City (瀋陽市房產權登記發證中心), and Shen Fang Quan Zheng Zhong Xin Zi Di Nos. N160001899 to N160001901 dated 14 November 2011, N160005932 to N160005933 dated 22 April 2013 and N160006649 to N160006652 dated 3 July 2013 issued by the Housing Management Bureau of Shenyang Economic and Technological Development Zone (瀋陽經濟開發區房產管理局), the legally interested party in 20 various buildings and structures having a total gross floor area of approximately 233,942.63 sq. m. is Shenyang Yuanda. The area breakdowns for each of the buildings and structures covered in the certificates are as follows:

		Year of Completion	Gross Floor Area (sq.m.)
(i)	A 3-storey Workshop (Block B3)	2010	18,612.15
(ii)	A single storey Workshop (Block B4)	2010	22,611.64
(iii)	A guardhouse 1	2010	87.04
(iv)	A guardhouse 2	2010	87.04
(v)	A 2-storey Workshop (Block M2)	2007	7,990.58
(vi)	A 6-storey staff quarters (Block A)	2007	5,266.14
(vii)	A 6-storey staff quarters (Block B)	2007	4,400.54
(viii)	A 6-storey staff quarters (Block C)	2007	4,400.54
(ix)	A 6-storey staff quarters (Block D)	2007	4,400.54
(x)	A single storey staff rest room (Block E)	2007	715.80
(xi)	A 2-storey Workshop (Block M8)	2008	38,831.42
(xii)	A 3-storey Workshop (Block M1)	2007	48,785.49
(xiii)	A 3-storey Workshop (Block M3)	2007	38,404.47
(xiv)	A 2-storey Workshop (Block M5)	2007	16,477.79
(xv)	A 2-storey Workshop (Block M7)	2007	8,574.36
(xvi)	A 2-storey Workshop (Block M10)	2007	4,883.75
(xvii)	A single storey Workshop (Block M9)	2007	8,199.16
(xviii)	A single storey staff rest room	2007	283.18
(xix)	A 2-storey transformer room A	2007	522.50
(xx)	A 2-storey transformer room B	2007	408.50
		Total:	<u>233,942.63</u>

3. According to the on-site inspection, 6 various ancillary facilities and structures without Realty Title Certificate having a total gross floor area of approximately 4,719.09 sq. m. were erected on the land. As advised by the Instructing Party or the appointed personnel of the Group, the area breakdowns and year of completion of each of the ancillary facilities and structures are as follows:

	Year of Completion	Gross Floor Area (sq.m.)
(i) A guardhouse (南門衛室)	2007	21.38
(ii) A junkyard (餘料堆放場)	2007	2,044.00
(iii) An ancillary supporting facility named AB座展示台1	2010	250.00
(iv) An ancillary supporting facility named AB座展示台2	2010	250.00
(v) An ancillary supporting facility named 幕牆練習台	2010	2,143.71
(vi) A Green Well (綠化井)	2015	<u>10.00</u>
	Total:	<u><u>4,719.09</u></u>

4. With reference to the PRC legal opinions as mentioned in Note 6 below, in our valuation, we have taken the ancillary facilities and structures mentioned in Note 3 above into account.
5. According to the information provided by the Instructing Party or the appointed personnel of the Group, it is understood that a portion of the Property is subject to mortgage.
6. According to the legal opinions prepared by the Group's PRC legal adviser,
- (i) Shenyang Yuanda has obtained the right to use the property legally and all relevant land premium was fully paid;
 - (ii) Shenyang Yuanda has the right to use and deal with the property or deal, with the property after removal of the mortgage; and
 - (iii) Shenyang Yuanda has the rights to dispose those ancillary facilities and structures without title certificate together with the land use rights of the property as a whole.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company or their respective associates in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

(i) Interest of the Company

Name of Directors	Nature of Interest	Number of Shares	Approximate Percentage of Shareholders
Kang Baohua	Beneficial Owner	228,636,000 (L) ⁽¹⁾	3.68%
	Interest of controlled corporation	3,313,604,694 (L) ⁽²⁾	53.37%
Li Hongren	Beneficial Owner	831,333 (L) ⁽¹⁾	0.01%
Liu Futao	Beneficial Owner	3,603,333 (L) ⁽¹⁾	0.06%
Wang Hao	Beneficial Owner	150,000 (L) ⁽¹⁾	0.01%
Zhang Lei	Beneficial Owner	3,000,000 (L) ⁽¹⁾	0.05%

Notes:

- (1) The letter "L" denotes long position in such securities.
- (2) Of the shares held by Mr. Kang Baohua, 2,582,971,923 Shares were held by Best Outlook Limited and 730,632,771 Shares were held by Neo Pioneer Limited, both companies of which are wholly-owned by Mr. Kang Baohua.

(ii) Interest in associated corporations

Name of Directors	Name of Associate Corporation	Number of Shares	Percentage of Shareholding
Kang Baohua	Best Outlook Limited	1 (L) ⁽¹⁾	100%
Kang Baohua	Neo Pioneer Limited	1 (L) ⁽¹⁾	100%

Note:

- (1) The letter “L” denotes long position in such securities.

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company or their respective associates in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

(iii) Substantial shareholders’ interests and short positions

Save as disclosed below, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, no other person or companies (other than the Directors or the chief executive of the Company) had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Directors	Capacity	Number of Shares	Approximate Percentage of Shareholders
Best Outlook Limited ⁽¹⁾	Beneficial Owner	2,582,971,923 (L) ⁽²⁾	41.6%
Neo Pioneer Limited ⁽¹⁾	Beneficial Owner	730,632,771 (L) ⁽²⁾	11.77%

Notes:

- (1) Best Outlook Limited and Neo Pioneer Limited are companies incorporated in the BVI and are wholly-owned by Mr. Kang Baohua.
- (2) The letter “L” denotes long position in such securities.

DIRECTORS' INTEREST IN ASSETS

As of the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have since 31 December 2017, being the date to which the latest published audited financial statements of the Company were made up, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

As of the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting at the date of this circular, and which was significant in relation to the business of the Group.

COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with any member of the Group which is not expiring or determinable by the Group within one year without payment of any compensation, other than statutory compensation.

MATERIAL CONTRACT

Save for the Land Resumption Agreement, none of the members of the Group has entered into any contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular that are or may be material.

LITIGATION

As at the Latest Practicable Date, except as disclosed under paragraph 15(b) of the section headed "Contingent Liability" in Appendix I to this circular, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

EXPERT'S CONSENT AND QUALIFICATION

LCH (Asia-Pacific) Surveyors Limited ("LCH") and has given and not withdrawn its written consent to the issue of this circular with the inclusion of its letter and report references to its name in the form and context in which it appear.

The following is the qualifications of the expert who has given its opinions and advice which are included in this circular:

Name	Qualification
LCH (Asia-Pacific) Surveyors Limited	Professor Valuer

As at the Latest Practicable Date, LCH did not have any direct or indirect interest in any assets which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2017, the date to which the latest published audited financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

General

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited of Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The secretary of the Company is Mr. Yu Lianghui, a member of the Hong Kong Institute of Certified Public Accountants, Certified Practicing Accountants of Australia and Certified Public Accountants of American Institute.
- (d) The auditor of the Company is KPMG of 8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Unit 1121, 11/F, No. 1 Block, Grand Central Plaza, 138 Shatin Rural Committee Road, Shatin, Hong Kong during normal business hours on any business days from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of associations of the Company;
- (b) the written consent referred to in the paragraph headed "Expert's consent and qualification" to this Appendix;

- (c) the valuation report on land prepared by LCH, the text of which set out in Appendix II to this circular;
- (d) the annual reports of the Company for the two years ended 31 December 2016 and 2017;
- (e) the material contract referred to in the paragraph headed “Material Contract” in this Appendix; and
- (f) a copy of this circular.

NOTICE OF EGM



CNYD

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Yuanda China Holdings Limited (the “Company”) will be held at Conference Room 310, Block C, No. 20, 13th Street, Shenyang Economic and Technological Development District, Shenyang, China on Friday, 14 September 2018 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolution of the Company:

“THAT

- (a) the agreement (the “Land Resumption Agreement”) dated 12 July 2018 entered into between Shenyang Yuanda Aluminum Engineering Industry Limited (瀋陽遠大鋁業工程有限公司) (the “Shenyang Yuanda”) and Shenyang Economic & Technological Land Reserve Center (瀋陽經濟技術開發區土地儲備交易中心) and Shenyang Economic & Technological Land and Housing Expropriation and Compensation Service Center (瀋陽經濟技術開發區土地房屋徵收補償服務中心) (together as the “Local Representatives”) in connection with the Land Resumption of the land in respect of two pieces of state-owned land with an approximate area of 539,354.23 square metres in total 5 parcels of land located at No. 22 and No. 24, 13th St, Shenyang Economic & Technological Development District, Shenyang City, Liaoning Province, PRC and the factory premises and ancillary structures erected thereon, a copy of which is tabled before the meeting and initialled by the chairman of the meeting for identification purpose, and the terms of the Land Resumption contemplated under the Land Resumption Agreement be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised for and on behalf of the Company to sign and execute all such other documents, instruments and agreements and to do all such acts or things and to take all such steps as the director in his/her sole opinion and absolute discretion may consider necessary, appropriate, desirable or expedient to give effect to the Land Resumption Agreement and the transactions contemplated thereunder.”

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

The People’s Republic of China, 27 August 2018

NOTICE OF EGM

Notes:

1. Any member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote instead of such member in accordance with the articles of association of the Company. A proxy need not be a member of the Company.
2. The register of members will be closed from Tuesday, 11 September 2018 to Friday, 14 September 2018 (both days inclusive), during which period no share transfers will be registered. In order to qualify to attend and vote at the EGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 10 September 2018.
3. This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of incorporation, must be either under its common seal or under the hand of an officer or attorney duly authorised.
4. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be completed and deposited with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof.
5. In the case of joint holders of a share, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders is present at the above meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

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.