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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)

DISCLOSEABLE AND CONNECTED TRANSACTION
AUTOMATIC PRODUCTION AND INTELLIGENT STORAGE
FACILITIES AGREEMENT
AND
TECHNICAL SERVICE AGREEMENT

AGREEMENTS

On 30 September 2020, Shenyang Yuanda, a wholly-owned subsidiary of the Company entered into the Automatic Production And Intelligent Storage Facilities Agreement with Yuanda Robot, pursuant to which Yuanda Robot agreed to sell automatic production and intelligent storage facilities and to supply software development and design services to Shenyang Yuanda at the consideration of RMB35 million.

On the same date, Shenyang Yuanda entered into the Technical Service Agreement with Yuanda Robot, pursuant to which Yuanda Robot agreed to provide Shenyang Yuanda with automation upgrade and lean production service for the whole production process at the consideration of RMB5 million.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Yuanda Robot is a wholly-owned subsidiary of BLT, which is a company the shares of which are listed on Shenzhen Stock Exchange and owned as to 38.53% by the Yuanda Group. As at the date of this announcement, Yuanda Group is beneficially owned as to 99% by Mr. Kang, an executive Director and the controlling shareholder of the Company, and as to 1% Mr. Yan Lianxue, an Independent Third Party. Mr. Wang, an executive Director and a shareholder of the Company, is also an executive Director of BLT. Accordingly, Yuanda Robot is a connected person of the Company at issuer level pursuant to Rule 14A.13(3) of the Listing Rules. The entering into of each of the Agreements by Shenyang Yuanda constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the Agreements are entered into by Shenyang Yuanda with the same entity (i.e. Yuanda Robot), the Agreements are aggregated as a Transaction under Rule 14A.82(1) of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Transaction exceeds 5%, the entering into the Automatic Production And Intelligent Storage Facilities Agreement and the Technical Service Agreement is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, as one or more of the applicable percentage ratios in respect of the Automatic Production And Intelligent Storage Facilities Agreement exceeds 5% and all applicable percentage ratios are below 25%, the entering into the Automatic Production And Intelligent Storage Facilities Agreement also constitutes as a discloseable transaction of the Company and subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Yuanda Robot is a wholly-owned subsidiary of BLT, which is a company the shares of which are listed on Shenzhen Stock Exchange and owned as to 38.53% by the Yuanda Group. As at the date of this announcement, Yuanda Group is beneficially owned as to 99% by Mr. Kang, an executive Director and the controlling shareholder of the Company, and as to 1% Mr. Yan Lianxue, an Independent Third Party. Mr. Wang, an executive Director and a shareholder of the Company, is also an executive Director of BLT. Accordingly, each of Mr. Kang and Mr. Wang is considered to be interested in the Transaction contemplated under the Agreements, and has therefore abstained from voting for the Board resolutions to approve the Agreements and the Transaction contemplated thereunder.

GENERAL

An independent board committee of the Company, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the Agreements and the Transaction contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM. Donvex Capital Limited has been appointed as the independent financial adviser to provide advice and recommendation to the independent board committee of the Company and the Independent Shareholders in this respect.

The EGM will be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Agreements and the Transaction contemplated thereunder where Mr. Kang (holding approximately 59.27% of the total number of shares in issue as at the date of this announcement), Mr. Wang (holding approximately 0.01% of the total number of shares in issue as at the date of this announcement) and their associates shall abstain from voting on the resolution(s) approving the Agreements and the Transaction contemplated thereunder.

A circular containing, among other things, details of the Agreements and the Transaction contemplated thereunder and other information as required under the Listing Rules together with the notice convening the EGM and the proxy form will be despatched to the Shareholders. As additional time is required for the Company to prepare certain information to be included in the circular, it is expected that the circular will be despatched to the Shareholders on or before 30 October 2020.

Shareholders and potential investors of the Company should note that completion of the Transaction contemplated under the Agreements is subject to the approval by the Independent Shareholders at the EGM. As the Transaction may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

AGREEMENTS

On 30 September 2020, Shenyang Yuanda, a wholly-owned subsidiary of the Company entered into the Automatic Production And Intelligent Storage Facilities Agreement with Yuanda Robot, pursuant to which Yuanda Robot agreed to sell automatic production and intelligent storage facilities and to supply software development and design services to Shenyang Yuanda at the consideration of RMB35 million.

On the same date, Shenyang Yuanda entered into the Technical Service Agreement with Yuanda Robot, pursuant to which Yuanda Robot agreed to provide Shenyang Yuanda with automation upgrade and lean production service for the whole production process at the consideration of RMB5 million.

Automatic Production And Intelligent Storage Facilities Agreement

Date

30 September 2020

Parties

- (i) Shenyang Yuanda; and
- (ii) Yuanda Robot, principally engaged in intelligent automation production line system integration, services and solution, and a connected person of the Company under Chapter 14A of the Listing Rules.

Subject Matter

Pursuant to the Automatic Production And Intelligent Storage Facilities Agreement, Yuanda Robot agreed to sell automatic production and intelligent storage facilities and supplying software development and design services to Shenyang Yuanda, including high bay storage racks, automated storage and retrieval system, automatic guided vehicles, warehouse control system, warehouse management system and communication and monitoring system, the facilities and services of which will promote reduction of labor intensity in warehousing, improvement in automation production efficiency, realization of real-time management for materials information, and improvement in utilization of warehouse space.

Consideration and Payment terms

The consideration under the Automatic Production And Intelligent Storage Facilities Agreement is RMB35 million, which shall be payable by Shenyang Yuanda in cash in four different installments in the following manner:

- (i) RMB10.5 million, representing 30% of the total consideration under the Automatic Production And Intelligent Storage Facilities Agreement shall be payable by Shenyang Yuanda within 7 business days from the date upon which the Automatic Production And Intelligent Storage Facilities Agreement and the transactions contemplated thereunder are being approved at the EGM;
- (ii) RMB10.5 million, representing 30% of the total consideration under the Automatic Production And Intelligent Storage Facilities Agreement shall be payable by Shenyang Yuanda before 7 days prior the scheduled date of shipment of the goods;
- (iii) RMB10.5 million, representing 30% of the total consideration under the Automatic Production And Intelligent Storage Facilities Agreement shall be payable by Shenyang Yuanda within 7 days from the date of receipt of goods; and

- (iv) RMB3.5 million, representing 10% of the remaining portion of the total consideration under the Automatic Production And Intelligent Storage Facilities Agreement shall be payable by Shenyang Yuanda within 12 months from the date of receipt of goods.

The consideration under the Automatic Production And Intelligent Storage Facilities Agreement was determined on the basis of normal commercial terms and after arm's length negotiations between parties with reference to the cost of equipment, installation and commissioning, training and design services to be sold by Yuanda Robot under the Automatic Production And Intelligent Storage Facilities Agreement.

Technical Service Agreement

Date

30 September 2020

Parties

- (i) Shenyang Yuanda; and
- (ii) Yuanda Robot, principally engaged in intelligent automation production line system integration, services and solution, is a connected person of the Company under Chapter 14A of the Listing Rules.

Subject Matter

Pursuant to the Technical Service Agreement, Yuanda Robot agreed to provide Shenyang Yuanda with automation upgrade and lean production technical solutions for the whole production process, including the design, planning, simulation, and analysis of an automation equipment and intelligent storage equipment for industrial upgrading, lean production services, processing automation technology, and storage intelligent technology research and application projects in the curtain wall production process of the Group.

Consideration and Payment terms

The consideration under the Technical Service Agreement is RMB5 million, which shall be payable by Shenyang Yuanda in cash in three different installments in the following manner:

- (i) RMB1.5 million, representing 30% of the total consideration under the Technical Service Agreement shall be payable by Shenyang Yuanda upon the completion of solution design;
- (ii) RMB3.0 million, representing 60% of the total consideration under the Technical Service Agreement shall be payable by Shenyang Yuanda upon the completion of production line simulation animation; and

(iii) RMB0.5 million, representing 10% of the remaining portion of the total consideration under the Technical Service Agreement shall be payable by Shenyang Yuanda upon completion of the technical solutions implementation.

The consideration under the Technical Service Agreement is determined on the basis of normal commercial terms and after arm's length negotiations between parties with reference to the estimated amount of time and rates of engineers, analysts, programmers, assistants and senior consultants including expenses incurred for logistics, design, verification, data management, statistical analyses, management and other technical service fees to be borne by Yuanda Robot.

BASIS OF DETERMINATION OF THE CONSIDERATIONS

For the purpose of assessing the fairness and reasonableness of the aggregate consideration payable by Shenyang Yuanda under the Agreements, the Company obtained preliminary opinion from the Valuer, whom has assessed the basis of determination of the consideration under the Agreements by using the market approach and the cost approach.

Accordingly, the Directors (excluding the independent non-executive Directors whose opinions will be set out in the letter from the independent board committee to be included in the circular) consider that the consideration under the Agreements is fair and reasonable. The consideration will be satisfied by the internal resources of the Group.

COMPLETION OF THE TRANSACTION

Completion of the Transaction is conditional upon all requisite approvals required under the relevant laws and regulations and all necessary consents from third parties required having being obtained, including but not limited to the approval by the Independent Shareholders at the EGM for the entering of the Agreements and the Transaction contemplated thereunder.

The above condition cannot be waived, if the above condition cannot be fulfilled, the parties to the Agreements have the right to terminate.

REASONS FOR TRANSACTION

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.

Yuanda Robot has extensive experience in the development and design of industrial automation and enterprise intellectualization. The facilities and service provided under the Agreements are in the usual and ordinary course of business of Yuanda Robot.

In order to further enhance its core competitiveness, the Group promotes and implements the construction of intelligent factories among relevant subsidiaries, through the application of intelligent equipment and software, the Group aims to achieve increase in labour productivity, reduction of labour intensity and enhancement of safety of the production process. The relevant facilities and software system together with the technical services to be provided by Yuanda Robot under the Agreements are customized and developed by Yuanda Robot according to the Group's requirements and needs, and their performance surpasses those of similar products in the market.

The terms of the Agreements were determined after arm's length negotiations between the parties thereto and the Directors (excluding the independent non-executive Directors whose opinions will be set out in the letter from the independent board committee to be included in the circular) are of the view that the terms of the Agreements are on normal commercial terms and are fair and reasonable and the Transaction contemplated under the Agreements are in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Yuanda Robot is a wholly-owned subsidiary of BLT, which is a company the shares of which are listed on Shenzhen Stock Exchange and owned as to 38.53% by the Yuanda Group. As at the date of this announcement, Yuanda Group is beneficially owned as to 99% by Mr. Kang, an executive Director and the controlling shareholder of the Company, and as to 1% Mr. Yan Lianxue, an Independent Third Party. Mr. Wang, an executive Director and a shareholder of the Company, is also an executive Director of BLT. Accordingly, Yuanda Robot is a connected person of the Company at issuer level pursuant to Rule 14A.13(3) of the Listing Rules. The entering into of each of the Agreements by Shenyang Yuanda constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the Agreements are entered into by Shenyang Yuanda with the same entity (i.e. Yuanda Robot), the Agreements are aggregated as a Transaction under Rule 14A.82(1) of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Transaction exceeds 5%, the entering into the Automatic Production And Intelligent Storage Facilities Agreement and the Technical Service Agreement is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, as one or more of the applicable percentage ratios in respect of the Automatic Production And Intelligent Storage Facilities Agreement exceeds 5% and all applicable percentage ratios are below 25%, the entering into the Automatic Production And Intelligent Storage Facilities Agreement also constitutes as a discloseable transaction of the Company and subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An independent board committee of the Company comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the Agreements and the Transaction contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM. Donvex Capital Limited has been appointed as the independent financial adviser to provide advice and recommendation to the independent board committee of the Company and the Independent Shareholders in this respect.

As at the date of this announcement, Yuanda Robot is a wholly-owned subsidiary of BLT, which is a company the shares of which are listed on Shenzhen Stock Exchange and owned as to 38.53% by the Yuanda Group. As at the date of this announcement, Yuanda Group is beneficially owned as to 99% by Mr. Kang, an executive Director and the controlling shareholder of the Company, and as to 1% Mr. Yan Lianxue, an Independent Third Party. Further, Mr. Wang, an executive Director and a shareholder of the Company, is also an executive Director of BLT. Accordingly, each of Mr. Kang and Mr. Wang is considered to be interested in the Transaction contemplated under the Agreements, and has therefore abstained from voting for the Board resolutions to approve the Agreements and the Transaction contemplated thereunder. Save as otherwise and to the best of the Directors' knowledge, information and belief, no other Director is required to abstain from voting on the board resolutions in relation to the approval of the Agreements.

GENERAL

The EGM will be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Agreements and the Transaction contemplated thereunder where Mr. Kang (holding approximately 59.27% of the total number of shares in issue as at the date of this announcement), Mr. Wang (holding approximately 0.01% of the total number of shares in issue as at the date of this announcement) and their associates shall abstain from voting on the resolution(s) approving the Agreements and the Transaction contemplated thereunder.

A circular containing, among other things, details of the Agreements and the Transaction contemplated thereunder and other information as required under the Listing Rules together with the notice convening the EGM and the proxy form will be despatched to the Shareholders. As additional time is required for the Company to prepare certain information to be included in the circular, it is expected that the circular will be despatched to the Shareholders on or before 30 October 2020.

Shareholders and potential investors of the Company should note that completion of the Transaction contemplated under the Agreements is subject to approval by the Independent Shareholders at the EGM. As the Transaction may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Agreements”	the Automatic Production And Intelligent Storage Facilities Agreement and the Technical Service Agreement;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Automatic Production And Intelligent Storage Facilities Agreement”	the agreement dated 30 September 2020 entered into by and between Shenyang Yuanda and Yuanda Robot in relation to the sale of facilities and provision of service by Yuanda Robot as further detailed under the paragraph headed “Automatic Production And Intelligent Storage Facilities Agreement” of this announcement;
“BLT”	瀋陽遠大智能工業集團股份有限公司 (Shenyang Yuanda Intellectual Industry Group Co., Ltd.), a company established in the PRC and a subsidiary of the Yuanda Group principally engaged in the designing, manufacturing, installation, and after-sales service of elevators, escalators and passenger conveyors business in the PRC;
“Board”	the board of directors of the Company;
“Company”	Yuanda China Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held by the Company for the Independent Shareholders to consider and, if thought fit, approve the Agreements and the Transaction contemplated thereunder;
“Group”	the Company and its subsidiaries;
“Independent Shareholders”	Shareholder(s) who are not required to abstain from voting at the EGM to approve the Agreements and the Transaction contemplated thereunder;

“Independent Third Party”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Kang”	Mr. Kang Baohua, an executive Director and the controlling shareholder of the Company;
“Mr. Wang”	Mr. Wang Hao, an executive Director and a shareholder of the Company;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	shareholder(s) of the Company;
“Shenyang Yuanda”	瀋陽遠大鋁業工程有限公司 (Shenyang Yuanda Aluminium Industry Engineering Co., Ltd.), a company established in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement and principally engaged in 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 business in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it under the Listing Rules;
“Technical Service Agreement”	the agreement dated 30 September 2020 entered into by and between Shenyang Yuanda and Yuanda Robot in relation to the provision of technical service by Yuanda Robot as further detailed under the paragraph headed eaded nid Yuanda Robot in relation to the provision
“Transaction”	the transactions contemplated under the Agreements;
“Valuer”	LCH (Asia-Pacific) Surveyors Limited, an independent valuer;

“Yuanda Group”	瀋陽遠大鋁業集團有限公司 (Shenyang Yuanda Aluminium Industry Group Ltd.), a company established in the PRC and is beneficially owned as to 99% by Mr. Kang and as to 1% by Mr. Yan Lianxue, an Independent Third Party;
“Yuanda Robot”	瀋陽遠大智慧高科機器人有限公司 (Shenyang Yuanda Intellectual Robot Co., Ltd) , a company established in the PRC and a wholly-owned subsidiary of BLT as at the date of this announcement and principally engaged in intelligent automation production line system integration, services and solution business in the PRC; and
“%”	per cent.

By order of the Board
Yuanda China Holdings Limited
Mr. Liu Futao
Executive Director

The PRC, 30 September 2020

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