

**YUANDA CHINA HOLDINGS LTD:  
THIS COMPANY COULD WELL BE A WINNER FOR YEARS TO COME**

And here is yet another company, whose Controlling Shareholder is a bigwig in the People's Republic of China (PRC), which wants money to pay off some very material debts.

But this company appears to have a rather formidable track record over the past 36 months, ended December 31, 2010, and it could just be a winner.

The Company, to which **TARGET** () is referring, is Yuanda China Holdings Ltd () (Code: 2789, Main Board, The Stock Exchange of Hongkong Ltd).

This Company published its Global Offering Prospectus on April 20, 2011, when it Offered 1.50 billion, 10-cent Shares at an Offer Price Range of between \$HK1.92 Per Share and \$HK2.78 Per Share.

Yuanda China Holdings Ltd makes the claim that it is the world's second-largest manufacturer of curtain walls and the undisputed largest, curtain-wall manufacturer in the PRC.

Among its many accomplishments is the work that it completed on the National Stadium of China, also known popularly as The Bird's Nest, where the Company created the largest **ETFE** (ethylene tetrafluoroethylene) stretching membrane structure in the world in terms of project area – about 38,500 square meters – which required a technological challenging design and installation process.

Investors of the Hongkong Special Administrative Region (HKSAR) of the PRC are being Offered 150 million Shares with the remainder of the Shares on Offer, being reserved for International Investors.

At Page 266 of the Global Offering Prospectus, Management has stated that, on the assumption that the Offer Price Per Share is struck at \$HK2.35, the Company should be able to net about \$HK3,372,000,000.

That amount of money will be applied for the following purposes:

1. About 40 percent of the net proceeds of the **Initial Public Offering (IPO)**, that is about \$HK1,348,800,000, for expansion of the Company's business by purchasing land use rights in the PRC and, then, constructing new production facilities along with buying the necessary equipment;
2. About 30 percent of the net proceeds of the IPO, that is about \$HK1,011,600,000 *'for repayment of our existing debts ...'*;
3. About 10 percent of the net proceeds of the IPO, that is about \$HK337,200,000, to be used for research and development;
4. About 10 percent of the net proceeds of the IPO, that is about \$HK337,200,000, to be used to expand sales and marketing; and,
5. About 10 percent of the net proceeds of the IPO, that is about \$HK337,200,000, to be tipped into the General Working Capital Account.

As at February 28, 2011, Yuanda China Holdings Ltd owed about 2,133,318,000 renminbi to its bankers and a finance company.

This is clearly stated at Page 257 of the Global Offering Prospectus as follows:

*'The following table sets forth our outstanding borrowings as of the dates indicated:*

	<u>As of December 31,</u>			<u>As of</u>
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>February 28,</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>2011</u>
				<u>RMB'000</u>
<i>Long-term bank loans:</i>				
Bank loans .....	418,500	359,500	50,000	—
Less: current portion of long-term				
bank loans .....	<u>(119,500)</u>	<u>(309,500)</u>	<u>(50,000)</u>	<u>—</u>
Total .....	<u>299,000</u>	<u>50,000</u>	<u>—</u>	<u>—</u>
<i>Short-term bank and other loans</i>				
Bank loans .....	375,000	280,000	1,677,489	1,873,318
Loans from other financial institutions	<u>80,940</u>	<u>80,000</u>	<u>99,985</u>	<u>260,000</u>
	455,940	360,000	1,777,474	2,133,318
Add: current portion of long-term bank				
loans .....	<u>119,500</u>	<u>309,500</u>	<u>50,000</u>	<u>—</u>
	<u>575,440</u>	<u>669,500</u>	<u>1,827,474</u>	<u>2,133,318</u>

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