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)

PROFIT WARNING

This announcement is made by Yuanda China Holdings Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

The board of directors of the Company (the "**Board**") wishes to inform the Shareholders and potential investors of the Company that, based on the information currently available, the results of the Group for the six months ended 30 June 2013 is expected to experience a significant decline as compared with that of the same period of 2012. Of which, the newly-awarded projects, profit and operating cash flow are specifically set out below:

Newly-awarded projects:

The amounts of the newly-awarded projects in the first half of 2013 has declined significantly as compared with that of same period of last year. Of which, there is a significant decline for the domestic markets and a slight decline in the overseas markets. The main reasons are as follows:

1. The decrease in the amounts of the newly-awarded projects in domestic markets was mainly affected by the northeast markets, southwest markets and southern markets, and of which:

    a) benefiting from an explosive demand of the National Games of China to be held in Shenyang, the Company recorded tremendous amount of newly-awarded orders in its northeast market for the year of 2012, the construction of which was close to completion in the first half of this year. Furthermore, award of newly bid projects has been delayed due to the environmental governance requirements for the preparation of the National Games.

b) in the southwest and southern markets, for the purpose of the strategy adjustment on enhancing orders quality management, the Company has foregone bidding for those new projects with lower expected profit and poorer payment terms, in order to minimize potential risks from ongoing development posed to the Company from low-cost market competition.

In the southern markets, more orders for new projects were received as compared with that of last year as a result of the conceptual projects of post-World Expo. Northern markets remained at the same level of last year, offsetting some unfavorable effects.

2. The decrease in the amounts of the new awarded projects in overseas markets was mainly affected by the markets in the Middle East, Australia and Americas, of which:

a) although the effect from the real estate bubbles in the Middle East markets is subsiding, owing to the generally deteriorating payment terms of projects in such region and the intensifying price competition, the Company exercised more prudence in approaching local projects;

b) as for the Australian markets, the targets for most of the projects were delayed owing to its election campaign;

c) the markets in the Americas were affected by the investigation on anti-subsidy and anti-dumping of aluminum extrusion products by the governments of the United States and Canada, the management is proactively exploring other venues to reduce the effects of such unfavorable factors to the business of the Company in North America;

d) the markets in London and Vietnam performed well in the first half of 2013 and delivered healthy growth as compared with the same period of last year.

Profit:

Based on the information currently available, the profit of the Company for the first half of 2013 was significantly decreased as compared with that of same period of last year, there will be a loss for the first time since its listing. The loss may be extended to the entire year of 2013. The main reasons are:

1. Overseas markets:

a) Prior to 2011 (including 2011), the Company focused on increasing market share and was more relax towards the profits and payment terms of the contracts in relation to awarded projects. With most of the projects with low profit were in the first half of 2013, either with a progress over half-way, or nearly completed, or under settlement for completion, accounted for a considerable proportion of the sales income recognized in the first half of the year;

b) In Europe, under the impact of European debts crisis, there were less newly-awarded projects last year. As a result, there was a decrease in the number of projects under construction for the first half of this year, the overheads for the European employees remained high.

Meanwhile, the new overseas projects awarded in 2013 have not been commenced and recognized as sales income.

2. Domestic markets:

a) Based on the reasons set out in 1.a, during the first half of 2013, some of the projects with low profit prior to 2011 (including 2011) accounted for a high proportion of the sales income recognized, which also dragged down the profit level of the domestic markets;

b) Although there were signs showing the gradual revival of the domestic construction markets, significant changes in the progress capital contributed in project commencement by the customers of the Company were yet to be seen. The progress of project commencement remained slow. There was no significant change in the sales income realized from newly-awarded projects in 2013 as compared with same period of last year, affecting the extent to which the profit was realized.

Cash flow:

Based on the information currently available, there will be a significant decrease in the net operation cash flow of the Company in the first half of 2013 as compared with that of same period of last year. The main reasons are as follows:

1. despites of the gradual revival of global, including domestic, construction markets, the developers remained conservative and cautious in the capital contribution for projects. There was a slight improvement in the payment collection, including completed projects and projects under development, as compared with that of same period of last year;

2. certain construction contracts required an advance payment for the raw materials and progress payment, resulting in a liquidity pressure and an increase in loans;

3. in addition, before and after the lunar new year, we made a number of payments for the materials with aged agreed with suppliers, installation and transportation, as well as the bank promissory notes that fell due.

Notwithstanding the above negative factors, the Group has sufficient cash flow to ensure its normal and stable operations.

As the Company is still in the process of finalizing its results for the six months ended 30 June 2013, the data contained in this announcement is only based on the preliminary assessment by the Board with reference to the information currently available. Such information has not been audited by the auditors of the Company and that the actual results for the Group may be different from those disclosed in this announcement. Shareholders and investors should read carefully the results announcement of the Company for the six month ended 30 June 2013, which is expected to be published in the end of August 2013.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by the order of the Board, of which the directors individually and jointly accept the responsibility for the accuracy of the data contained in this announcement.

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

2 July 2013
Hong Kong

As at the date of this announcement, the executive directors are Mr. Kang Baohua, Mr. Tian Shouliang, Mr. Guo Zhongshan, Mr. Wang Yijun, Mr. Wang Lihui 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.