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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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board (the "**Board**") of directors (the "**Directors**") of Yuanda China Holdings Limited (the "**Company**") hereby announces the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2017 (the "**Reporting Period**").

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June 2017 *(Approximate)*	For the six months ended 30 June 2016 *(Approximate)*	Percentage Change *(Approximate)*
Revenue *(RMB' million)*	**2,216.9**	3,257.5	(31.9%)
Gross profit margin	**15.9%**	7.5%	8.4%
Consolidated net loss *(RMB' million)*	**(97.5)**	(150.7)	(35.3%)
Loss attributable to equity shareholders of the Company *(RMB' million)*	**(79.7)**	(124.1)	(35.8%)
Net cash used in operating activities *(RMB' million)*	**(1,620.1)**	(1,910.7)	(15.2%)
Basic and diluted loss per share *(RMB cents)*	**(1.28)**	(2.00)	(36.0%)
Proposed interim dividend per share *(HK cents)*	**NIL**	NIL	–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017-unaudited

(Expressed in Renminbi ("RMB"))

	Note	Six months ended 30 June 2017	2016
		RMB'000	*RMB'000*
Revenue	*3*	**2,216,915**	3,257,502
Cost of sales		**(1,865,208)**	(3,013,748)
Gross profit	*3(a)*	**351,707**	243,754
Other income		**46,912**	49,312
Selling expenses		**(32,929)**	(53,412)
Administrative expenses		**(360,299)**	(360,070)
Profit/(loss) from operations		**5,391**	(120,416)
Finance costs	*4(a)*	**(123,992)**	(2,788)
Loss before taxation	*4*	**(118,601)**	(123,204)
Income tax	*5*	**21,130**	(27,545)
Loss for the period		**(97,471)**	(150,749)
Attributable to:			
Equity shareholders of the Company		**(79,689)**	(124,132)
Non-controlling interests		**(17,782)**	(26,617)
Loss for the period		**(97,471)**	(150,749)
Loss per share (RMB cents)			
– Basic and diluted	*6*	**(1.28)**	(2.00)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017 – unaudited

(Expressed in RMB)

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Loss for the period	**(97,471)**	(150,749)
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation into presentation currency	**(15,744)**	(66,947)
– Cash flow hedge:		
net movement in the hedging reserve	**5,122**	(7,051)
Other comprehensive income for the period	**(10,622)**	(73,998)
Total comprehensive income for the period	**(108,093)**	(224,747)
Attributable to:		
Equity shareholders of the Company	**(85,343)**	(196,672)
Non-controlling interests	**(22,750)**	(28,075)
Total comprehensive income for the period	**(108,093)**	(224,747)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2017-unaudited
(Expressed in RMB)

	Note	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Non-current assets			
Property, plant and equipment		**661,445**	695,726
Lease prepayments		**616,301**	623,646
Deferred tax assets		**406,348**	396,655
		1,684,094	1,716,027
Current assets			
Inventories		**361,588**	357,938
Gross amount due from customers for contract work	7	**4,783,917**	4,998,142
Trade and bills receivables	8	**2,936,212**	3,109,682
Deposits, prepayments and other receivables		**709,153**	635,270
Cash and cash equivalents		**652,151**	2,362,694
		9,443,021	11,463,726
Current liabilities			
Trade and bills payables	9	**2,724,338**	4,080,981
Gross amount due to customers for contract work	7	**1,189,251**	1,289,660
Receipts in advance		**26,540**	19,444
Accrued expenses and other payables		**316,906**	738,973
Bank loans		**3,069,000**	3,560,000
Income tax payable		**187,545**	205,086
Provision for warranties		**44,216**	42,671
		7,557,796	9,936,815
Net current assets		**1,885,225**	1,526,911
Total assets less current liabilities		**3,569,319**	3,242,938

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 30 June 2017-unaudited (continued)
(Expressed in RMB)

	Note	**At 30 June 2017** ***RMB'000***	At 31 December 2016 *RMB'000*
Non-current liabilities			
Bank loans		**420,000**	–
Deferred tax liabilities		**4,453**	4,527
Provision for warranties		**245,306**	230,758
		669,759	235,285
NET ASSETS		**2,899,560**	3,007,653
CAPITAL AND RESERVES	*10*		
Share capital		**519,723**	519,723
Reserves		**2,548,374**	2,633,717
Total equity attributable to equity shareholders of the Company		**3,068,097**	3,153,440
Non-controlling interests		**(168,537)**	(145,787)
TOTAL EQUITY		**2,899,560**	3,007,653

NOTES

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the "IASB").

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of the interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial information is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

The financial information relating to the financial year ended 31 December 2016 that is included in the interim financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2016 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 30 March 2017.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 SEGMENT REPORTING

The Group manages its businesses by geographical locations of the construction contracts. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following six reportable segments: Northeast China, North China, East China, West China, South China and Overseas. No operating segments have been aggregated to form the following reportable segments.

- Northeast China: comprises construction contracts carried out in the northeastern region of the People's Republic of China (the "PRC"), which includes Liaoning, Jilin, Heilongjiang, Shandong, Henan and Inner Mongolia provinces and autonomous region.

- North China: comprises construction contracts carried out in the northern region of the PRC, which includes Hebei and Shanxi provinces, Beijing and Tianjin.

- East China: comprises construction contracts carried out in the eastern region of the PRC, which includes Jiangsu, Zhejiang, Anhui and Jiangxi provinces, and Shanghai.

- West China: comprises construction contracts carried out in the western and northwestern regions of the PRC, which include Sichuan, Yunnan, Guizhou, Hubei, Shaanxi, Ningxia, Gansu, Qinghai and Xinjiang provinces and autonomous regions, and Chongqing.

- South China: comprises construction contracts carried out in the southern region of the PRC, which includes Guangdong, Hunan, Fujian, Hainan and Guangxi provinces and autonomous region.

- Overseas: comprises construction contracts carried out outside of the PRC.

(a) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all assets with the exception of property, plant and equipment, lease prepayments, deferred tax assets and other corporate assets. Segment liabilities include trade and bills payables, gross amount due to customers for contract work, receipts in advance, accrued expenses and other payables and provision for warranties managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. No significant inter-segment revenues have occurred for the six months ended 30 June 2017 and 2016. The Group's other operating expenses, such as selling and administrative expenses and finance costs, are not measured under individual segments. The measure used for reporting segment result is gross profit.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2017 and 2016 is set out below.

	Six months ended 30 June 2017						
	Northeast China	**North China**	**East China**	**West China**	**South China**	**Overseas**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Revenue from external customers and reportable segment revenue	**128,569**	**242,021**	**433,390**	**180,563**	**264,311**	**968,061**	**2,216,915**
Reportable segment gross (loss)/profit	**(7,929)**	**28,294**	**100,845**	**16,588**	**51,217**	**162,692**	**351,707**

	At 30 June 2017						
	Northeast China	**North China**	**East China**	**West China**	**South China**	**Overseas**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Reportable segment assets	**1,900,644**	**1,417,645**	**1,919,658**	**995,662**	**1,103,942**	**1,958,083**	**9,295,634**
Reportable segment liabilities	**903,845**	**525,206**	**845,055**	**441,816**	**408,931**	**1,729,500**	**4,854,353**

	Six months ended 30 June 2016						
	Northeast China	North China	East China	West China	South China	Overseas	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers and reportable segment revenue	365,448	313,115	728,244	296,712	349,644	1,204,339	3,257,502
Reportable segment gross profit/(loss)	39,096	(63,057)	120,674	20,684	31,636	94,721	243,754

	At 31 December 2016						
	Northeast China	North China	East China	West China	South China	Overseas	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment assets	2,214,231	1,398,934	2,308,758	1,071,074	1,186,814	2,380,749	10,560,560
Reportable segment liabilities	1,264,070	710,135	1,593,547	545,086	556,605	2,094,007	6,763,450

(b) Reconciliations of reportable segment assets and liabilities

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Assets		
Reportable segment assets	**9,295,634**	10,560,560
Property, plant and equipment	**661,445**	695,726
Lease prepayments	**616,301**	623,646
Deferred tax assets	**406,348**	396,655
Unallocated head office and corporate assets	**614,910**	1,445,893
Elimination of receivables between segments, and segments and head office	**(467,523)**	(542,727)
Consolidated total assets	**11,127,115**	13,179,753
Liabilities		
Reportable segment liabilities	**4,854,353**	6,763,450
Bank loans	**3,489,000**	3,560,000
Income tax payable	**187,545**	205,086
Deferred tax liabilities	**4,453**	4,527
Unallocated head office and corporate liabilities	**159,727**	181,764
Elimination of payables between segments, and segments and head office	**(467,523)**	(542,727)
Consolidated total liabilities	**8,227,555**	10,172,100

4 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs:

	Six months ended 30 June 2017 *RMB'000*	2016 *RMB'000*
Interest on borrowings	**79,069**	88,154
Bank charges and other finance costs	**12,322**	16,173
Total borrowing costs	**91,391**	104,327
Interest income	**(2,671)**	(6,242)
Net foreign exchange loss/(gain)	**25,333**	(115,629)
Net loss on forward foreign exchange contracts:		
– net (gain)/loss on cash flow hedging instruments reclassified from equity	**(4,749)**	8,757
– net loss on other forward foreign exchange contracts	**14,688**	11,575
	123,992	2,788

(b) Staff costs:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**272,981**	321,242
Contributions to defined contribution retirement plans	**42,324**	50,871
	315,305	372,113

(c) Other items:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Depreciation and amortisation	**28,802**	31,662
Net gain on disposal of property, plant and equipment and land use rights	**(41,958)**	(45,668)
Impairment losses/(reversal of impairment losses) on trade and other receivables	**114,515**	(1,774)
Operating lease charges in respect of plant and buildings, motor vehicles and other equipment	**17,285**	26,637
Research and development costs	**46,069**	61,154
Increase in provision for warranties	**36,676**	46,493
Cost of inventories	**1,865,208**	3,013,748

5 INCOME TAX

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Current taxation:		
– Provision for corporate income tax in respective jurisdictions	**700**	16,348
– Over provision in respect of prior years	**(13,840)**	–
	(13,140)	16,348
Deferred taxation:		
– Origination and reversal of temporary differences	**(7,990)**	11,197
	(21,130)	27,545

The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 30 June 2017 (six months ended 30 June 2016: 16.5%). No provision for Hong Kong Profits Tax has been made as the Company and the subsidiaries of the Group incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2017 (six months ended 30 June 2016: RMBNil).

The Company and a subsidiary of the Group incorporated in the Cayman Islands and the British Virgin Islands, respectively, are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% for the six months ended 30 June 2017 (six months ended 30 June 2016: except that one of these subsidiaries has obtained approval from the tax bureau to be taxed as an enterprise with advanced and new technologies for the calendar years from 2014 to 2016 in October 2014 and therefore enjoyed a preferential PRC Corporate Income Tax rate of 15% for the six months ended 30 June 2016, all other subsidiaries of the Group established in the PRC were subject to standard Corporate Income Tax rate of 25%).

The subsidiaries of the Group incorporated in countries other than the PRC (including Hong Kong), the Cayman Islands and the British Virgin Islands, are subject to income tax rates ranging from 8.5% to 35% for the six months ended 30 June 2017 pursuant to the rules and regulations of their respective countries of incorporation (six months ended 30 June 2016: 8.5% to 35%).

6 BASIC AND DILUTED LOSS PER SHARE

(a) Basic loss per share

The basic loss per share for the six months ended 30 June 2017 is calculated based on the loss attributable to equity shareholders of the Company of RMB79,689,000 (six months ended 30 June 2016: RMB124,132,000) and the weighted average of 6,208,147,000 ordinary shares (six months ended 30 June 2016: 6,208,147,000 ordinary shares) in issue during the interim period.

(b) Diluted loss per share

There are no dilutive potential shares outstanding during the six months ended 30 June 2017 and 2016.

7 GROSS AMOUNT DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
Contract costs incurred plus recognised profits less recognised losses in connection with construction contracts in progress at the end of the reporting period	**45,606,488**	45,502,659
Less: progress billings	**(42,011,822)**	(41,794,177)
	3,594,666	3,708,482
Gross amount due from customers for contract work	**4,783,917**	4,998,142
Gross amount due to customers for contract work	**(1,189,251)**	(1,289,660)
	3,594,666	3,708,482

8 TRADE AND BILLS RECEIVABLES

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
Trade receivables for contract work due from:		
– Third parties	**3,790,311**	3,816,663
– Affiliates of the Controlling Shareholder	**159,364**	155,660
	3,949,675	3,972,323
Bills receivable for contract work	**115,985**	163,802
Trade receivables for sale of raw materials due from:		
– Third parties	**4,855**	1,532
– Affiliates of the Controlling Shareholder	**1,671**	1,631
	6,526	3,163
	4,072,186	4,139,288
Less: allowance for doubtful debts	**(1,135,974)**	(1,029,606)
	2,936,212	3,109,682

The Group generally requires customers and debtors to settle progress billings and retentions receivable in accordance with contracted terms. Trade receivables for contract work are considered past due once billings have been made.

Retentions are withheld by customers up to a maximum amount calculated based on a prescribed percentage of the contract amount. Retention terms of one to five years after the completion of construction contracts may be granted to customers and debtors for retentions receivable, depending on the market practice of construction industries in countries where construction contracts are carried out and credit assessment carried out by management on an individual customer or debtor basis.

As of the end of the reporting period, the ageing analysis of trade and bills receivables, based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
Within 6 months	**543,171**	853,991
More than 6 months but less than 1 year	**388,746**	316,762
More than 1 year	**2,004,295**	1,938,929
	2,936,212	3,109,682

9 TRADE AND BILLS PAYABLES

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
Trade payables for purchase of inventories due to:		
– Third parties	**1,765,959**	2,016,540
– Affiliates of the Controlling Shareholder	**4,616**	5,172
	1,770,575	2,021,712
Trade payables due to sub-contractors	**517,074**	882,928
Bills payable	**436,689**	1,176,341
Financial liabilities measured at amortised cost	**2,724,338**	4,080,981

All of the trade and bills payables are expected to be settled within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade and bills payables, based on the maturity date, is as follows:

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
Within 1 month or on demand	**2,348,131**	3,080,302
More than 1 month but less than 3 months	**185,327**	713,044
More than 3 months	**190,880**	287,635
	2,724,338	4,080,981

10 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the interim period

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: RMBNil).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period

No final dividend in respect of the previous financial year has been approved during the six months ended 30 June 2017 (six months ended 30 June 2016: HK$Nil per ordinary share).

(b) Share award scheme

On 10 April 2013, the directors of the Company adopted a share award scheme (the "Share Award Scheme") as a mean of rewarding and retaining certain employees of the Group and to attract suitable personnel for further development within the Group. A trust has been set up for the purpose of administering the Share Award Scheme.

Details of the shares held under the Share Award Scheme are set out below:

	Six months ended 30 June 2017		Year ended 31 December 2016	
	No. of shares held	**Value**	No. of shares held	Value
	'000	***RMB'000***	*'000*	*RMB'000*
At 1 January and at 30 June/ 31 December	**587**	**210**	587	210

11 CONTINGENT LIABILITIES

(a) Guarantees issued

At 30 June 2017, the Group has issued the following guarantees:

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
Guarantees for construction contracts' bidding, performance and retentions	**1,988,294**	2,156,126

As of the end of the reporting period, the directors of the Company do not consider it probable that a claim in excess of the provision for warranties provided by the Group will be made against the Group under any of the guarantees. The maximum liability of the Group as of the end of the reporting period under the guarantees issued is the amount disclosed above.

(b) Contingent liabilities in respect of legal claims

(i) In December 2009, Shenyang Yuanda Aluminium Industry Engineering Co., Ltd. ("Shenyang Yuanda") and Yuanda Aluminium 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 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 INR81.8 million (equivalent to approximately RMB8.6 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 announcement, 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 RMB147.9 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 Enterprise 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 CAD2.9 million (equivalent to approximately RMB15.2 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 RMB70.4 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 RMB44.0 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 RMB253.3 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 RMB18.9 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 USD 18.7 million (equivalent to approximately RMB126.7 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 RMB23.1 million). In June 2017, Yuanda Russia and Rasen Stroy both filed further appeals. As at the date of this announcement, the appeal is still in progress. Yuanda Russia continues to deny any liability under the court ruling, 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 of the Company 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 in Notes 11(b)(i) to 11(b)(iii), 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 date of this announcement, 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 RMB195.4 million, of which RMB5.7 million has already been provided for and the Group's bank deposits of RMB23.7 million at 30 June 2017 was frozen by courts for certain of these lawsuits. Based on legal advices, except for the lawsuits the Group has already provided for, 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 the date of this announcement, 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 of the Company cannot reliably estimate the repair cost and potential compensation for projects found with asbestos. No provision in this regard has therefore been made.

BUSINESS REVIEW

OVERALL PERFORMANCE

In the first half of 2017, the global economy continued to recover, but still in a shaky state and negatively affected by the rising geopolitical risks. Meanwhile the government maintained its regulatory stance by continuing with the restrictive measures towards the mainland property sector. Affected by the market structure readjustment in major cities, the new supply of commercial real estate continued to be tight, which lead to a sharp drop in transaction volume. As for the other cities, continually implementing "destocking" policies. However, the private investment growth was still weak and the growth in real estate investment slowed down as a result of the increasingly tightened macro control on the PRC property market and financial deleverage.

For the six months ended 30 June 2017, the loss attributable to equity shareholders of the Company was approximately RMB79.7 million (for the six months ended 30 June 2016: approximately RMB124.1 million), which was mainly due to the stricter control of contract quality and the effective contract budget management implemented by the Group during the Period, which resulted in increase of gross profit margin from the Group's construction projects.

NEWLY-AWARDED PROJECTS (INCLUDING VAT)

For the six months ended 30 June 2017, the Group was awarded 18 new projects with an aggregate amount of approximately RMB1,562.0 million, representing an increase of approximately RMB28.4 million or 1.9% as compared with the corresponding period of last year.

Details of the certain landmark projects obtained by the Group in the first half of 2017 are as follows:

Project Name	**Category**	**Approximate Contract Value** *RMB' million*
447 Collins Street, Australia	Commercial Complex	261.1
Marsh Wall Residential Tower, Britain	Apartment Building	233.4
Malaysia MAS, Malaysia	Commercial Complex	122.2
123 Linden Building, America	Apartment Building	75.5
Wuxi Henglong	Commercial Complex	74.5
Sabah Al-Salem University, Kuwait	Communal Facilities	67.3
Zhangjiagang Huijin Center	Commercial Complex	60.0
Lanzhou Hongyunjinmao	Commercial Complex	56.6
Changchun Stadium	Communal Facilities	54.2
Chengdu Financial City	Commercial Complex	53.2
Shaanxi Cultural Center	Communal Facilities	40.0
E23rd Street, America	Apartment Building	33.2
Guiyang Hengfeng	Headquarters Building	32.9
JianyeKaixuan	Commercial Complex	32.4
Anhui Art Museum	Communal Facilities	31.2
Zhejiang Hefeng Research Center	Headquarters Building	30.8
Zhunyi Manhattan 2nd	Commercial Complex	16.8

BACKLOG

As at 30 June 2017, the remaining contract value for backlog of the Group amounted to approximately RMB17,233.9 million (30 June 2016: approximately RMB18,904.0 million), which could support a sustainable development of the Group for the next 2-3 years.

	As at 30 June 2017 **Remaining value of contracts**		As at 30 June 2016 Remaining value of contracts	
	Number of projects	***RMB' million***	Number of projects	*RMB' million*
Domestic	**300**	**8,619.2**	360	11,257.9
Overseas	**104**	**8,614.7**	99	7,646.1
Total	**404**	**17,233.9**	459	18,904.0

MAJOR TECHNOLOGY ACHIEVEMENTS AND AWARDS

For the six months ended 30 June 2017, the Group obtained 1 patent for utility model. As at 30 June 2017, the total number of patents owned by the Group was 974.

BUSINESS PROSPECTS

For the second half of 2017, the stringent restriction on property purchases, the tightening of monetary and financial policies as well as differentiating competitive landscape will pose more challenges to the enterprises in terms of product ability, operation capability and sustainability. The Group will be more prudential in choosing curtain wall projects and enhance the supervision on cash flow, increase income and reduce expenditure in cooperation with business organizations to ensure the healthy and stable development of the company.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2017, the Group's revenue decreased by approximately RMB1,040.6 million or 31.9% as compared with the corresponding period of last year to approximately RMB2,216.9 million (for the six months ended 30 June 2016: approximately RMB3,257.5 million). Affected by stagnant growth of fixed assets investment and structural adjustment of construction industry in domestic market, revenue from each domestic segment declined compared with the corresponding period of last year, among which, revenue from East China and Northeast China, two of the most significant source of revenue, plunged about 40%-65%. Northeast China has also been struggling with the lowest economic growth for four years which resulted in tight credit policy and insufficient liquidity. Among which:

1. The revenue from domestic market decreased by approximately RMB804.3 million or 39.2% compared with the corresponding period of last year to approximately RMB1,248.9 million (for the six months ended 30 June 2016: approximately RMB2,053.2 million), contributing to approximately 56.3% of the total revenue of the Group; and

2. The revenue from overseas market decreased by approximately RMB236.3 million or 19.6% compared with the corresponding period of last year to approximately RMB968.0 million (for the six months ended 30 June 2016: approximately RMB1,204.3 million), contributing to approximately 43.7% of the total revenue of the Group.

Cost of sales

For the six months ended 30 June 2017, the Group's cost of sales decreased by approximately RMB1,148.5 million or 38.1% compared with the corresponding period of last year to approximately RMB1,865.2 million (for the six months ended 30 June 2016: approximately RMB3,013.7 million). With the decrease in revenue, the related cost of sales was accordingly decreased.

Gross profit and gross profit margin

For the six months ended 30 June 2017, the Group's gross profit increased by approximately RMB107.9 million or 44.3% to approximately RMB351.7 million (for the six months ended 30 June 2016: approximately RMB243.8 million).

The Group's gross profit margin increased by approximately 8.4% to approximately 15.9% (for the six months ended 30 June 2016: approximately 7.5%). The increase in the Group's gross profit margin was mainly attributable to the strengthened budget management and cost control. Among which:

1. For the six months ended 30 June 2017, the Group's domestic gross profit margin increased by approximately 7.8% as compared with the corresponding period of last year to 15.1% (for the six months ended 30 June 2016: 7.3%); and

2. For the six months ended 30 June 2017, the Group's overseas gross profit margin increased by approximately 8.9% as compared with the corresponding period of last year to 16.8% (for the six months ended 30 June 2016: 7.9%).

Other income

Other income of the Group primarily comprised of government grants, rental revenue from operating leases, net income from provision of repairs and maintenance services and net gain on disposal of property, plant and equipment and land use rights.

For the six months ended 30 June 2017, the Group's other income decreased by approximately RMB2.4 million to approximately RMB46.9 million (for the six months ended 30 June 2016: approximately RMB49.3 million). The decrease in the Group's other income was mainly due to the decline in one-off net gain on disposal of the property, plant and land use rights.

Selling expenses

For the six months ended 30 June 2017, the Group's selling expenses decreased by approximately RMB20.5 million or 38.4% to approximately RMB32.9 million (for the six months ended 30 June 2016: approximately RMB53.4 million), which was due to the effect of improvement in work efficiency and the headcount optimization policy.

For the six months ended 30 June 2017, selling expenses of the Group accounted for approximately 1.5% of the revenue of the Group (for the six months ended 30 June 2016: 1.6%).

Administrative expenses

For the six months ended 30 June 2017, the administrative expenses of the Group increased by approximately RMB0.2 million or approximately 0.1% to approximately RMB360.3 million (for the six months ended 30 June 2016: approximately RMB360.1 million). This was mainly due to the facts that: (i) as a result of the headcount optimization policy implemented over the past few years, the staff cost of administrative staff declined, while at the same time; (ii) the Group continued to maintain the principle of prudence, and the provision for bad debts increased as compared with the corresponding period of last year, resulting an increase in administrative expenses.

For the six months ended 30 June 2017, administrative expenses accounted for approximately 16.3% of the revenue of the Group (for the six months ended 30 June 2016: 11.1%).

Finance costs

For the six months ended 30 June 2017, finance costs recorded a net loss of RMB124.0 million (for the six months ended 30 June 2016: approximately RMB2.8 million). This was mainly due to foreign exchange loss recognised during the Reporting Period.

For the six months ended 30 June 2017, finance costs accounted for 5.6% of the revenue of the Group (for the six months ended 30 June 2016: 0.1%).

Income tax

For the six months ended 30 June 2017, the Group's income tax benefit was approximately RMB21.1 million (for the six months ended 30 June 2016: income tax expense of approximately RMB27.5 million).

Consolidated net loss

For the six months ended 30 June 2017, the consolidated net loss of the Group decreased by approximately RMB53.2 million or 35.3% to approximately RMB97.5 million (for the six months ended 30 June 2016: approximately RMB150.7 million).

Loss attributable to equity shareholders of the Company

For the six months ended 30 June 2017, the loss attributable to equity shareholders of the Company decreased by approximately RMB44.4 million or 35.8% to approximately RMB79.7 million (for the six months ended 30 June 2016: approximately RMB124.1 million).

The basic and diluted loss per share was approximately RMB1.28 cents (for the six months ended 30 June 2016: approximately RMB2.00 cents).

Net current assets and financial resources

As at 30 June 2017, the Group's net current assets were approximately RMB1,885.2 million (31 December 2016: approximately RMB1,526.9 million).

As at 30 June 2017, the Group's cash and cash equivalents amounted to approximately RMB652.2 million (31 December 2016: approximately RMB2,362.7 million), mainly denominated in RMB, SGD, USD and GBP.

Bank loans and gearing ratio

As at 30 June 2017, the Group's total bank loans amounted to approximately RMB3,489.0 million (31 December 2016: approximately RMB3,560.0 million). The bank loans as at 30 June 2017 were denominated in RMB of which approximately RMB3,069.0 million are repayable within one year.

The Group's gearing ratio (calculated by total liabilities divided by total assets) was 73.9% (31 December 2016: 77.2%).

Turnover days of receivables/trade and bills payables/inventory

Turnover days (day)	**For the six months ended 30 June 2017**	For the year ended 31 December 2016
Receivables *(note 1)*	**548**	344
Trade and bills payables *(note 2)*	**462**	334
Inventory *(note 3)*	**70**	50

Notes:

1. The calculation of the receivables turnover days is based on the average amount of trade and bills receivables and net contract work receivables (gross amount due from customers for contract work less gross amount due to customers for contract work) as at the beginning and ending of the relevant period divided by total revenue of the relevant period and multiplied by 182/365 days.

2. The calculation of turnover days of trade and bills payables is based on the average amount of trade and bills payables as at the beginning and ending of the relevant period divided by cost of raw materials and installation cost of the relevant period and multiplied by 182/365 days.

3. The calculation of inventory turnover days is based on the average amount of inventory as at the beginning and ending of the relevant period (net of provision) divided by cost of raw materials of the relevant period and multiplied by 182/365 days.

During the Reporting Period, the turnover days of receivables increased by approximately 204 days to 548 days (31 December 2016: approximately 344 days), which was mainly due to the tight liquidity position in the domestic financial market.

During the Reporting Period, the turnover days of trade and bills payables increased by approximately 128 days to 462 days (31 December 2016: about 334 days). The increase in the number of turnover days was significantly affected by the relatively higher amount of trade and bills payables as at 31 December 2016 as compared with that of 30 June 2017, given the Group's decreasing business scale and accelerating settlement of trade and bills payables during the period. Excluding the effect of opening trade and bills payables, the turnover days will be 368 days.

Inventory and inventory turnover days

The Group's inventories primarily consist of materials used in fabrication of curtain wall products, including extrusions aluminum, glass, steel and sealant.

As at 30 June 2017, the Group's inventory amounted to approximately RMB361.6 million (31 December 2016: approximately RMB357.9 million). During the Reporting Period, the inventory turnover days increased by approximately 20 days to 70 days (31 December 2016: approximately 50 days).

Capital expenditure

For the six months ended 30 June 2017, the Group's payment for capital expenditure amounted to approximately RMB3.1 million (for the year ended 31 December 2016: approximately RMB68.5 million).

Foreign exchange risk

The overseas projects of the Group were mainly dominated in USD, Euro, GBP, SGD and AUD. 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.

Contingent liabilities

Details of the Group's contingent liabilities as at 30 June 2017 are set out in Note 11.

Charge on assets

As at 30 June 2017, the Group's bank loans of approximately RMB807.0 million were secured by property, plant and equipment and land use rights with an aggregate carrying value of approximately RMB559.8 million.

Save as disclosed above, the Group had no other charge on its assets as at 30 June 2017

Material acquisitions and disposals

During the Reporting Period, the Group did not have any material acquisitions or disposals of its subsidiaries and associated companies.

Significant investment

The Group did not make any significant investments during the Reporting Period.

Future plans for significant investments or capital assets

As at the date of this announcement, a subsidiary of the Group has a plan for capital expenditure with the amount of RMB21.2 million for building as new factory.

Global offering and use of proceeds

In May 2011, the Company conducted a global offering (the "**Global Offering**") through which 1,708,734,000 new ordinary shares were offered at a price of HK$1.50 per share. Net proceeds raised were approximately HK$2,402,947,000. The ordinary shares of the Company were listed on the Main Board of the Stock Exchange on 17 May 2011.

As stated in the Company's prospectus dated 20 April 2011 and the supplementary prospectus dated 5 May 2011 (the "**Prospectus**"), the Group intended to use the proceeds from the Global Offering for expansion of its production capacity, repayment of its existing debts, investment in research and development, expansion of its sales and marketing network.

As at 30 June 2017, an accumulated amount of approximately HK$2,015 million of the proceeds from the Global Offering (of which expansion of production capacity: HK$572 million; repayment of bank loans (mainly comprised the bridge loan of Standard Chartered Bank): HK$962 million; expenses in research and development: HK$261 million; and expansion of its sales and marketing network: HK$220 million) was utilized in accordance with the intended use as stated in the Prospectus. It is intended that the remaining proceeds of approximately HK$388 million will be used in accordance with the proposed allocation as stated in the Prospectus.

Employees and remuneration policies

As at 30 June 2017, the Group had 6,493 full-time employees in total (31 December 2016: 7,425). The decrease in the number of full-time employees was a result of the Group's headcount optimization. The Group has sound policies of incentives management 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, fringe benefits including medical insurance and contributions to pension funds, as well as incentives like discretionary bonus and share options.

Purchase, Sale and Redemption of Listed Securities of the Group

For the six months ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Review of interim financial information

The unaudited interim financial information of the Company for the six months ended 30 June 2017 is derived from the unaudited interim financial report of the Company, which has been reviewed by the Company's external auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. The auditor's review report will be included in the interim report to shareholders. The interim results have also been reviewed and approved by the audit committee of the Company, comprising all the three independent non-executive Directors namely, Mr. Poon Chiu Kwok (Chairman of Audit Committee), Mr. Woo Kar Tung, Raymond and Mr. Pang Chung Fai, Benny.

Interim dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).

Corporate governance

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence to the Company and the Company's accountability. For the six months ended 30 June 2017, the Company has complied with all code provisions of the Corporate Governance Code as set forth in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

Model Code for securities transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules regarding securities transactions by the Company. The Company has made specific enquiry to all Directors and all the Directors have confirmed their compliance with the required standards set out in the Model Code for the six months ended 30 June 2017.

Appreciation

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, investors, partners and customers for their continuous trust and support and all the management and staff of the Group for their contribution and devotion. The Group will continue to prudently operate business, improve the Group's probability level against the adverse environment and achieve a brighter performance to deliver fruitful rewards to our shareholders and investors.

Publication of Interim Results and Interim Report

This interim results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.yuandacn.com). The interim report of the Company for the six months ended 30 June 2017 will be dispatched to the shareholders of the Company and made available for review on the aforesaid websites in due course.

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

Hong Kong, 30 August 2017

As at the date of this announcement, the executive directors of the Company 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 of the Company are Mr. Poon Chiu Kwok, Mr. Woo Kar Tung, Raymond and Mr. Pang Chung Fai, Benny.