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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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

The Board of Directors (the "Board") of Yuanda China Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012 (the "Reporting Period").

FINANCIAL HIGHLIGHTS	**2012**	2011	Percentage Change %
Turnover *(RMB million)*	**11,844.6**	10,797.0	9.7%
Gross profit margin	**16.5%**	21.4%	-4.9%
EBITDA *(RMB million)*	**651.0**	1,204.7	-46.0%
Profit attributable to equity shareholders of the Company *(RMB million)*	**438.5**	850.3	-48.4%
Net cash generated from operating activities *(RMB million)*	**201.6**	31.1	548.2%
Basic and diluted earnings per share *(RMB)*	**0.07**	0.16	-56.3%
Proposed final dividend per share *(HK cents)*	**4.0**	4.0	0.0%

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2012
(Expressed in Renminbi ("RMB"))

	Note	2012 RMB'000	2011 RMB'000
Turnover	5	**11,844,578**	10,797,007
Cost of sales		**(9,886,757)**	(8,490,988)
Gross profit		**1,957,821**	2,306,019
Other revenue		**16,031**	23,362
Other net income		**5,576**	119,119
Selling expenses		**(256,445)**	(226,092)
Administrative expenses		**(1,161,984)**	(1,026,545)
Profit from operations		**560,999**	1,195,863
Finance costs	6(a)	**(131,543)**	(156,779)
Profit before taxation	5(b), 6	**429,456**	1,039,084
Income tax	7	**(51,546)**	(213,482)
Profit for the year		**377,910**	825,602
Attributable to:			
Equity shareholders of the Company		**438,491**	850,324
Non-controlling interests		**(60,581)**	(24,722)
Profit for the year		**377,910**	825,602
Earnings per share			
– Basic and diluted (RMB)	8	**0.07**	0.16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

(Expressed in RMB)

	2012 *RMB'000*	2011 *RMB'000*
Profit for the year	**377,910**	825,602
Other comprehensive income for the year (after tax and reclassification adjustments)		
Exchange differences on translation into presentation currency	**(1,883)**	(8,561)
Cash flow hedge: net movement in the hedging reserve	**1,040**	(9,918)
Total comprehensive income for the year	**377,067**	807,123
Attributable to:		
Equity shareholders of the Company	**439,302**	828,890
Non-controlling interests	**(62,235)**	(21,767)
Total comprehensive income for the year	**377,067**	807,123

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2012
(Expressed in RMB)

	Note	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment	9	**842,930**	729,697
Lease prepayments		**602,914**	591,532
Deferred tax assets		**214,930**	156,931
		1,660,774	1,478,160
Current assets			
Inventories		**485,297**	457,198
Gross amount due from customers for contract work	10	**4,954,134**	3,843,624
Trade and bills receivables	11	**2,494,479**	1,817,267
Deposits, prepayments and other receivables		**493,134**	537,773
Cash and cash equivalents		**2,132,343**	1,944,470
		10,559,387	8,600,332
Current liabilities			
Trade and bills payables	12	**3,896,868**	2,671,133
Gross amount due to customers for contract work	10	**1,090,045**	877,246
Receipts in advance		**136,536**	99,734
Accrued expenses and other payables		**641,669**	584,341
Bank and other loans		**1,801,990**	1,312,462
Income tax payable		**190,373**	210,450
Provision for warranties		**36,856**	27,739
		7,794,337	5,783,105
Net current assets		**2,765,050**	2,817,227
Total assets less current liabilities		**4,425,824**	4,295,387

	Note	2012 RMB'000	2011 RMB'000
Non-current liabilities			
Bank loans		**150,000**	195,000
Deferred tax liabilities		**1,461**	1,021
Provision for warranties		**79,151**	79,319
		230,612	275,340
NET ASSETS		**4,195,212**	4,020,047
CAPITAL AND RESERVES			
Share capital		**519,723**	519,723
Reserves		**3,790,962**	3,553,562
Total equity attributable to equity shareholders of the Company		**4,310,685**	4,073,285
Non-controlling interests		**(115,473)**	(53,238)
TOTAL EQUITY		**4,195,212**	4,020,047

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

Yuanda China Holdings Limited (the "Company") was incorporated in the Cayman Islands on 26 February 2010 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 May 2011. The consolidated financial statements of the Company comprise the Company and its subsidiaries (collectively referred to as the "Group"). The principal activities of the Group are the design, procurement, production, sale and installation of curtain wall systems.

2 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and related Interpretations issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 4 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

3 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2012 comprise the Group.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for derivative financial instruments which are stated at their fair values.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4 CHANGES IN ACCOUNTING POLICIES

The IASB has issued serveral amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following development is relevant to the Group's financial statements:

- Amendments to IFRS 7, *Financial instruments: Disclosures – Transfers of financial assets*

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

The amendments to IFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

5 TURNOVER AND SEGMENT REPORTING

(a) Turnover

The principal activities of the Group are the design, procurement, production, sale and installation of curtain wall systems.

Turnover represents contract revenue derived from the design, procurement, production, sale and installation of curtain wall systems.

The Group's customer base is diversified. There was no customer with transactions that exceeded 10% of the Group's turnover for the years ended 31 December 2012 and 2011.

Further details regarding the Group's principal activities are disclosed below.

(b) 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.

(i) *Segment results, assets and liabilities*

For the purposes 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 certain property, plant and equipment and 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. However, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The measure used for reporting segment result is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including interest income and finance costs, and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue, interest income and finance costs related to each segment, and depreciation, amortisation, impairment losses, and additions to non-current segment assets used by the segments in their operations. No significant inter-segment sales have occurred for the years ended 31 December 2012 and 2011.

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 years ended 31 December 2012 and 2011 is set out below.

				2012			
	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	**2,074,135**	**1,704,902**	**1,972,077**	**1,039,655**	**1,233,640**	**3,820,169**	**11,844,578**
Reportable segment profit/(loss) (adjusted EBITDA)	**239,939**	**192,681**	**205,693**	**34,149**	**82,621**	**(104,041)**	**651,042**
Interest income	**424**	**356**	**534**	**83**	**137**	**5,812**	**7,346**
Finance costs	**1,910**	**1,478**	**2,439**	**1,658**	**606**	**14,841**	**22,932**
Depreciation and amortisation	**4,673**	**9,486**	**10,844**	**3,447**	**4,025**	**22,273**	**54,748**
Reportable segment assets	**2,248,695**	**1,182,254**	**2,353,332**	**1,226,702**	**1,036,671**	**3,162,227**	**11,209,881**
Additions to non-current segment assets during the year	**33,168**	**169**	**5,266**	**115,498**	**1,155**	**20,096**	**175,352**
Reportable segment liabilities	**1,119,160**	**776,268**	**1,276,001**	**665,997**	**757,762**	**1,533,933**	**6,129,121**

	2011						
	Northeast China *RMB'000*	North China *RMB'000*	East China *RMB'000*	West China *RMB'000*	South China *RMB'000*	Overseas *RMB'000*	Total *RMB'000*
Revenue from external customers and reportable segment revenue	1,645,103	1,509,177	1,913,296	1,162,253	947,268	3,619,910	10,797,007
Reportable segment profit (adjusted EBITDA)	222,115	263,802	348,159	121,897	91,951	156,734	1,204,658
Interest income	242	577	715	108	350	3,763	5,755
Finance costs	2,774	2,425	3,623	1,597	1,749	41,709	53,877
Depreciation and amortisation	7,114	12,229	13,661	4,197	5,085	30,644	72,930
Reportable segment assets	1,540,075	1,000,975	1,729,465	929,487	663,045	2,713,819	8,576,866
Additions to non-current segment assets during the year	49,208	304	5,868	1,936	900	24,860	83,076
Reportable segment liabilities	743,550	548,416	822,685	547,231	470,572	1,291,345	4,423,799

(ii) Reconciliations of reportable segment revenue, profit, assets and liabilities

	2012	2011
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue and consolidated turnover	**11,844,578**	10,797,007
Profit		
Reportable segment profit	**651,042**	1,204,658
Depreciation and amortisation	**(67,363)**	(89,873)
Finance costs	**(131,543)**	(156,779)
Net gain on disposal of property, plant and equipment and land use rights classified as unallocated corporate assets	**–**	117,190
Unallocated head office and corporate expenses	**(22,680)**	(36,112)
Consolidated profit before taxation	**429,456**	1,039,084
Assets		
Reportable segment assets	**11,209,881**	8,576,866
Property, plant and equipment	**156,540**	146,196
Lease prepayments	**233,572**	238,514
Deferred tax assets	**214,930**	156,931
Unallocated head office and corporate assets	**799,916**	1,171,957
Elimination of receivables between segments, and segments and head office	**(394,678)**	(211,972)
Consolidated total assets	**12,220,161**	10,078,492
Liabilities		
Reportable segment liabilities	**6,129,121**	4,423,799
Bank and other loans	**1,951,990**	1,507,462
Income tax payable	**190,373**	210,450
Deferred tax liabilities	**1,461**	1,021
Unallocated head office and corporate liabilities	**146,682**	127,685
Elimination of payables between segments, and segments and head office	**(394,678)**	(211,972)
Consolidated total liabilities	**8,024,949**	6,058,445

(iii) Geographic information

The following table sets out information about the geographical location of the Group's (i) revenue from external customers and (ii) property, plant and equipment and lease prepayments (the "specified non-current assets"). The geographical location of customers is based on the location at which the construction contracts are carried out. The geographical location of the specified non-current assets is based on the segment to which they are allocated.

(i) The Group's revenue from external customers:

	2012	2011
	RMB'000	*RMB'000*
The PRC (excluding Hong Kong and Macau) (Place of domicile)	**8,024,409**	7,177,097
Australia	**997,844**	1,012,933
Kingdom of Saudi Arabia	**399,940**	82,865
United Kingdom	**392,459**	179,210
United Arab Emirates	**365,940**	1,041,142
Japan	**190,501**	30,427
Republic of Singapore	**190,227**	28,395
Hong Kong	**187,770**	96,866
Republic of Azerbaijan	**138,242**	98,561
Russian Federation	**118,289**	194,141
Canada	**104,156**	14,726
Kingdom of Jordan	**95,610**	96,574
Kingdom of Cambodia	**93,401**	21,340
France	**89,970**	58,426
Republic of Indonesia	**89,639**	13,360
United States of America	**79,406**	23,670
Socialist Republic of Vietnam	**62,382**	64,275
Others	**224,393**	562,999
	3,820,169	3,619,910
	11,844,578	10,797,007

(ii) The Group's specified non-current assets:

	2012	2011
	RMB'000	*RMB'000*
Northeast China	**104,958**	78,747
North China	**47,419**	55,509
East China	**139,622**	145,302
West China	**125,891**	13,961
South China	**46,394**	49,264
Overseas	**591,448**	593,736
Head office and corporate assets	**390,112**	384,710
	1,445,844	1,321,229

6 PROFIT BEFORE TAXATION

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

(a) Finance costs:

	2012	2011
	RMB'000	*RMB'000*
Interest on bank advances and other borrowings wholly repayable within five years	**118,199**	103,796
Bank charges and other finance costs	**32,425**	44,639
Total borrowing costs	**150,624**	148,435
Interest income	**(11,983)**	(9,027)
Net foreign exchange loss	**7,664**	56,873
Forward foreign exchange contracts: cash flow hedges, reclassified from equity	**(14,762)**	(39,502)
	131,543	156,779

No borrowing costs have been capitalised for the year ended 31 December 2012 (2011: RMBNil).

(b) Staff costs#:

	2012	2011
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**1,231,553**	1,156,894
Contributions to defined contribution retirement plans	**95,643**	80,615
	1,327,196	1,237,509

(c) Other items:

	2012	2011
	RMB'000	*RMB'000*
Depreciation and amortisation#	**67,363**	89,873
Impairment losses on trade and other receivables	**85,118**	62,979
Operating lease charges in respect of land, plant and buildings, motor vehicles and other equipment#	**70,635**	63,725
Auditors' remuneration – audit services	**7,688**	7,534
Research and development costs#	**372,967**	248,930
Increase in provision for warranties#	**53,287**	49,200
Cost of inventories#	**9,886,757**	8,490,988

Cost of inventories includes RMB739.4 million for the year ended 31 December 2012 (2011: RMB652.9 million), relating to staff costs, depreciation and amortisation expenses, operating lease charges, research and development costs and provision for warranties, which amount is also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX

(a) Income tax in the consolidated income statement represents:

	2012	2011
	RMB'000	*RMB'000*
Current taxation:		
– PRC income tax	**103,486**	238,766
– Overseas income tax	**6,147**	33,449
	109,633	272,215
Deferred taxation:		
– Origination and reversal of temporary differences	**(58,087)**	(63,587)
– Effect on deferred tax balances resulting from a change in tax rate *(Note 7(b)(vi))*	**–**	4,854
	(58,087)	(58,733)
	51,546	213,482

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2012	2011
	RMB'000	*RMB'000*
Profit before taxation	**429,456**	1,039,084
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(Notes (i), (ii), (iii) and (iv))*	**101,686**	263,057
Tax effect of non-deductible expenses *(Note (v))*	**25,178**	19,002
Tax effect of unused tax losses not recognised	**22,169**	17,268
Tax concessions *(Note (vi))*	**(97,487)**	(90,699)
Effect on deferred tax balances resulting from a change in tax rate *(Note (vi))*	**–**	4,854
Income tax	**51,546**	213,482

Notes:

(i) 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 year ended 31 December 2012 (2011: RMBNil).

(ii) 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.

(iii) The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% for the year ended 31 December 2012 (2011: 25%).

(iv) 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 34% for the year ended 31 December 2012 pursuant to the rules and regulations of their respective countries of incorporation (2011: 8.5% to 35%).

(v) The amounts mainly comprised non-deductible entertainment and other expenses in excess of the tax deductibility allowances under the PRC tax laws and regulations.

(vi) One of the subsidiaries of the Group established in the PRC is registered as a foreign investment enterprise, and according to the relevant income tax rules and regulations, this subsidiary is entitled to a 100% relief from PRC Corporate Income Tax in the first and second years and 50% relief for the third to fifth years, commencing from the year ended 31 December 2007, and on the portion of profits this subsidiary earned in relation to the re-investment it had made in 2007 as a percentage of this subsidiary's total paid-in capital.

This subsidiary has obtained approval from the tax bureau to be taxed as an enterprise with advanced and new technologies for the calendar years from 2012 to 2013 and therefore enjoys a preferential PRC Corporate Income Tax rate of 15%. Accordingly, certain deferred tax assets and deferred tax liabilities had been remeasured using the preferential PRC Corporate Income Tax rate of 15%. In addition to the preferential PRC Corporate Income Tax rate, this subsidiary entitles an additional tax deductible allowance amounted to 50% of the qualified research and development costs incurred in the PRC by this subsidiary.

8 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the year ended 31 December 2012 is calculated based on the profit attributable to equity shareholders of the Company of RMB438.5 million (2011: RMB850.3 million) and the weighted average of 6,208,734,000 ordinary shares (2011: 5,455,985,000 ordinary shares) in issue during the year.

The calculation of the outstanding ordinary shares during the years ended 31 December 2012 and 2011 was as follows:

	2012	2011
	'000	*'000*
Issued ordinary shares at 1 January	**6,208,734**	10
Effect of capitalisation issue on 17 May 2011	**–**	4,211,501
Effect of conversion of redeemable convertible preference shares and the related capitalisation issue on 17 May 2011	**–**	180,997
Effect of shares issued by initial public offering on 17 May 2011	**–**	941,096
Effect of shares issued by exercise of over-allotment option on 1 June 2011	**–**	122,381
Weighted average number of ordinary shares at 31 December	**6,208,734**	5,455,985

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the years ended 31 December 2012 and 2011.

9 PROPERTY, PLANT AND EQUIPMENT

The Group

	Plant and buildings *RMB'000*	Machinery and equipment *RMB'000*	Motor vehicles and other equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost:					
At 1 January 2011	589,993	310,634	158,833	27,077	1,086,537
Additions	53	9,422	28,745	35,784	74,004
Transfer in/(out)	7,140	1,979	2,045	(11,164)	–
Disposals	(83,515)	(966)	(3,826)	–	(88,307)
At 31 December 2011	513,671	321,069	185,797	51,697	1,072,234
Accumulated depreciation:					
At 1 January 2011	(106,413)	(118,017)	(87,152)	–	(311,582)
Charge for the year	(26,257)	(26,827)	(23,762)	–	(76,846)
Written back on disposals	42,346	676	2,869	–	45,891
At 31 December 2011	(90,324)	(144,168)	(108,045)	–	(342,537)
Net book value:					
At 31 December 2011	423,347	176,901	77,752	51,697	729,697
Cost:					
At 1 January 2012	**513,671**	**321,069**	**185,797**	**51,697**	**1,072,234**
Additions	**1,567**	**11,334**	**21,766**	**111,367**	**146,034**
Additions through acquisition of a business under common control *(Note 14)*	**–**	**30,552**	**2,958**	**–**	**33,510**
Transfer in/(out)	**2,047**	**4,142**	**–**	**(6,189)**	**–**
Disposals	**(1,094)**	**(1,183)**	**(5,304)**	**–**	**(7,581)**
At 31 December 2012	**516,191**	**365,914**	**205,217**	**156,875**	**1,244,197**
Accumulated depreciation:					
At 1 January 2012	**(90,324)**	**(144,168)**	**(108,045)**	**–**	**(342,537)**
Additions through acquisition of a business under common control *(Note 14)*	**–**	**(7,980)**	**(2,218)**	**–**	**(10,198)**
Charge for the year	**(13,497)**	**(17,184)**	**(23,864)**	**–**	**(54,545)**
Written back on disposals	**256**	**1,075**	**4,682**	**–**	**6,013**
At 31 December 2012	**(103,565)**	**(168,257)**	**(129,445)**	**–**	**(401,267)**
Net book value:					
At 31 December 2012	**412,626**	**197,657**	**75,772**	**156,875**	**842,930**

(a) Change in estimated useful lives

In 2012, the management of the Group reviewed the estimated useful lives of all of its property, plant and equipment and concluded that due to the periodic maintenances carried out by the Group, most of these assets are in good conditions, and are expected to be utilised beyond their original estimated useful lives. As a result, the Group has revised the estimated useful lives of its plant and buildings from 20 to 30 years and machinery and equipment from 10 to 15 years.

The change in accounting estimates is accounted for prospectively from 1 January 2012. The effect of this change in estimated useful lives is estimated to have decreased depreciation expenses by approximately RMB22.3 million for the year ended 31 December 2012.

(b) Title ownership

At 31 December 2012, property certificates of certain properties with an aggregate net book value of RMB85.8 million (31 December 2011: RMB84.6 million) are yet to be obtained. Of these properties, the ultimate equity shareholder of the Group, Mr Kang Baohua (the "Controlling Shareholder"), has undertaken to procure the obtaining of the title documents of RMB81.2 million (31 December 2011: RMB83.9 million). If the title documents could not be obtained, the Controlling Shareholder agreed to indemnify the Group for all the losses and damages arising therefrom.

10 GROSS AMOUNT DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	The Group	
	2012	2011
	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	**27,651,808**	19,255,189
Less: progress billings	**(23,787,719)**	(16,288,811)
	3,864,089	2,966,378
Gross amount due from customers for contract work	**4,954,134**	3,843,624
Gross amount due to customers for contract work	**(1,090,045)**	(877,246)
	3,864,089	2,966,378

11 TRADE AND BILLS RECEIVABLES

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Trade receivables for contract work due from:		
– Third parties	**2,492,700**	1,854,965
– Affiliates of the Controlling Shareholder	**82,050**	6,941
	2,574,750	1,861,906
Bills receivables for contract work	**174,426**	128,165
Trade receivables for sale of raw materials due from:		
– Third parties	**3,014**	1,298
– Affiliates of the Controlling Shareholder	**1,687**	1,514
	4,701	2,812
	2,753,877	1,992,883
Less: allowance for doubtful debts	**(259,398)**	(175,616)
	2,494,479	1,817,267

In accordance with general industry practices, credit terms of one to two years may be granted to customers for retentions receivable.

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:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Within 1 month	**613,653**	618,410
More than 1 month but less than 3 months	**487,245**	381,253
More than 3 months but less than 6 months	**599,692**	371,877
More than 6 months	**793,889**	445,727
	2,494,479	1,817,267

12 TRADE AND BILLS PAYABLES

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Trade payables for purchase of inventories due to:		
– Third parties	**2,271,179**	1,905,966
– Affiliates of the Controlling Shareholder	**21,693**	9,832
	2,292,872	1,915,798
Trade payables due to sub-contractors	**541,452**	115,765
Bills payables	**1,062,544**	639,570
Financial liabilities measured at amortised cost	**3,896,868**	2,671,133

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:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Within 1 month or on demand	**3,049,499**	2,092,453
More than 1 month but less than 3 months	**281,454**	156,941
More than 3 months	**565,915**	421,739
	3,896,868	2,671,133

13 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2012	2011
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of HK$0.04 per ordinary share (2011: HK$0.04 per ordinary share)	**201,374**	201,337

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2012	2011
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.04 per ordinary share (2011: HK$Nil per ordinary share)	**201,337**	–

14 ACQUISITION OF A BUSINESS FROM AN AFFILIATE OF THE CONTROLLING SHAREHOLDER

Pursuant to an assets acquisition agreement entered into between Shenyang Yuanda Metal Coating Co., Ltd. ("Yuanda Metal"), a wholly-owned subsidiary of the Group, and Shenyang Brilliant Elevator Co., Ltd. ("Brilliant Elevator"), Yuanda Metal acquired the assets and processes related to the metal coating business from Brilliant Elevator for a consideration of RMB23.9 million on 29 February 2012 (the "Acquisition Date"). The assets acquired were machinery and equipment with a pre-acquisition carrying value of RMB23.3 million. The consideration was determined by reference to the fair value of the machinery and equipment valued by an independent valuer.

The assets and processes acquired constitute a business as defined in IFRS 3, *Business combinations*, and as the Group and Brilliant Elevator are both controlled by the Controlling Shareholder, the above acquisition was accounted for as a business combination under common control. In accordance with relevant accounting policy, the acquired assets have been accounted for at historical cost, where the difference between the consideration paid and the carrying amount of the assets acquired on the Acquisition Date of RMB0.6 million has been recognised directly in equity as a distribution to the Controlling Shareholder.

15 CONTINGENT LIABILITIES

(a) Guarantees issued

At 31 December 2012, the Group has issued the following guarantees:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Guarantees for construction contracts' bidding, performance and retentions	**2,378,699**	2,162,281

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 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. As at the date of this announcement, the above lawsuit is under reviewed before the Arbitral Tribunal of New Delhi in India. If Shenyang Yuanda and Yuanda India are found to be liable, the total expected monetary compensation may amount to approximately Indian Rupee 1,410.8 million (equivalent to approximately RMB159.3 million) plus accrued interest. Both Shenyang Yuanda and Yuanda India continue to deny any liability in respect of the non-performance of the terms of the sub-contract agreement and, based on legal advice, the directors of the Company do not believe it is probable that the arbitration tribunal will find against Shenyang Yuanda and/or Yuanda India. No provision has therefore been made in respect of this claim.

(ii) In April 2009, Shenyang Yuanda received a notice that it is being sued by a construction agent in State of Kuwait ("Kuwait") in respect of damages arose from the termination of the agency agreement entered into between Shenyang Yuanda and this former agent. As at the date of this announcement, the above lawsuit is under reviewed before the Court of First Instance in Kuwait. If Shenyang Yuanda is found to be liable, the total expected monetary compensation may amount to approximately Kuwaiti Dinar 11.2 million (equivalent to approximately RMB250.2 million). Shenyang Yuanda continues to deny any liability in respect of the claim and, based on legal advice, the directors of the Company do not believe it is probable that the court will find against Shenyang Yuanda. No provision has therefore been made in respect of this claim.

(iii) In June 2010, Yuanda Aluminium Industry Engineering (Germany) GmbH ("Yuanda Germany"), a wholly owned subsidiary of the Group, filed a lawsuit against a customer in respect of its non-payment of Euro2.0 million in respect of the work carried out on this customer by Yuanda Germany. In September 2010, this customer filed a counterclaim against Yuanda Germany for non-performance of the construction contract. On 29 February 2012, a first instance court judgement has been rendered in favour of Yuanda Germany. In March 2012, this customer filed an appeal against the above judgement. As at the date of this announcement, the above appeal is under reviewed before the Higher Regional Court Frankfurt in Germany. If Yuanda Germany is found to be liable, the total expected monetary compensation may amount to approximately Euro6.1 million (equivalent to approximately RMB50.7 million). Yuanda Germany continues to deny any liability in respect of the non-performance of the construction contract and, based on legal advice, the directors of the Company do not believe it is probable that the court will find against Yuanda Germany. No provision has therefore been made in this respect.

(iv) In addition to the lawsuits mentioned in Notes 15(b)(i) to 15(b)(iii), certain subsidiaries of the Group are named defendants on other lawsuits or arbitrations in respect of construction work carried out by them. The directors of the Company consider the amounts involved in these lawsuits and arbitrations are insignificant to the Group, both individually and in aggregate. As at the date of this announcement, the above 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 RMB16.2 million. 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. No provision has therefore been made in this respect.

16 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Establishment of an associate

On 24 August 2010, Shenyang Yuanda has entered into a memorandum of understanding (the "MOU") with a third party in the establishment of a glass manufacturing company. Pursuant to the MOU, which is subject to further negotiation between Shenyang Yuanda and this third party and the finalisation of the related agreement, Shenyang Yuanda will obtain 49% equity interests in this new glass manufacturing company.

As at the date of this announcement, the above transaction has yet to be completed.

(b) Proposed final dividends

On 27 March 2013, the directors of the Company have proposed a final dividend. Further details are disclosed in Note 13(a).

BUSINESS REVIEW

The Group is a provider of one-stop integrated curtain wall solutions covering the design of curtain wall systems, procurement of materials, fabrication and assembly of curtain wall products, performance testing, installation of products at construction sites, and after-sales services. End customers to our curtain wall solutions mainly concentrate in domestic and overseas non-residential and infrastructure development areas, such as office buildings of government authorities or headquarters of leading companies from various industries, hotels, shopping centers, convention, cultural, sports and art centers, exhibition halls, airports, train stations, hospitals and universities. We believe we are a leading curtain wall provider with a comprehensive product portfolio. We integrated elements of new materials, new technology, new energy, environmental protection and energy-saving into curtain wall products through more complex research and development ("R&D"), design, production and installation lines. We have further developed curtain wall products and are committed to realizing the idea of "Low carbon, Function, Safety" in curtain wall products. Such products include double-skin curtain walls, photovoltaic curtain walls, ecologically friendly curtain walls, video curtain walls and membrane structure curtain walls. We also provide ancillary products related to curtain wall systems, including skylights, metal roofs, canopy systems, shading systems, balustrade and breast board systems, fire door, roll-up door and energy-saving aluminum alloy doors and windows.

The profit attributable to equity shareholders of the Company decreased by approximately 48.4% from the previous corresponding period to about RMB438.5 million in 2012. Such decrease in profit attributable to equity shareholders of the Company was mainly due to:

(i) the continuous impact throughout the whole year of 2012 of

  (a) a slowdown in domestic project developments and a delay on the confirmation of the supplementary payment of certain completed projects by contractees due to the tightening of the domestic credit market, even though the domestic economy was experiencing a tepid recovery in the second half of 2012,

  (b) an increase in installation and on-site costs due to the slowdown in progress of certain overseas projects, and

(ii) lower margins for certain previously awarded overseas orders, the profits of which were recognized in 2012.

Newly-awarded Projects

	2012		2011	
	Number of projects	**RMB (million)**	Number of projects	RMB (million)
PRC	**165**	**10,706**	178	10,272
Overseas	**52**	**3,874**	48	3,380
Total	**217**	**14,580**	226	13,652

In 2012, the Group undertook 217 new projects with an aggregate amount of approximately RMB14,580 million, representing an increase of approximately 6.8% as compared to 2011. In 2012, leveraging on the Group's leading position in the domestic and overseas industry and the sustained growth in curtain wall market, the overall orders maintained a stable growth. Certain landmark projects were obtained in 2012, including:

Overseas Projects:

Project name	Nature of the project	Contract amount
Barangaroo C3, C4 and C5 building in Australia	Example of energy-saving construction	Approximately RMB915 million
Children Hospital of Perth in Australia	Medical institutions	Approximately RMB432 million
New Royal Adelaide Hospital	Medical institutions	Approximately RMB385 million
Mexican BBVA Bank Building	Headquarters building of bank	Approximately RMB212 million
President Service Center in Moscow	Government office building	Approximately RMB183 million
Lakeside apartment P27 in Toronto	High-end residence	Approximately RMB56 million

PRC Projects:

Project name	Nature of the project	Contract amount
Ping An Finance Centre in Shenzhen	Highest building in the PRC	Approximately RMB402 million
Hang Lung Plaza in Dalian	Integrated shopping center	Approximately RMB283 million
Dazhongli in Shanghai	High-end fashion landmark in Shanghai	Approximately RMB195 million
Hang Lung Building of City Square in Shenyang	LED curtain wall shopping center	Approximately RMB185 million
Shenyang Arts Center	Cultural centre	Approximately RMB163 million
Raffles in Hangzhou	Construction of new town	Approximately RMB163 million
China Bohai Bank in Tianjin	Local commercial bank	Approximately RMB162 million
New City of Eastern Fuzhou	Construction of new town	Approximately RMB141 million
Harbin Theatre	Cultural centre	Approximately RMB133 million
Chuangyuan Center in Chengdu	Integrated shopping center	Approximately RMB124 million
National Games Science Museum	National Games Auditorium	Approximately RMB120 million
Gezhouba Tower in Beijing	State-owned office building	Approximately RMB116 million

Backlog

	As at 31 December 2012 Remaining value of contracts		As at 31 December 2011 Remaining value of contracts	
	Number	*RMB (million)*	*Number*	*RMB (million)*
PRC	**376**	**12,964**	391	10,539
Overseas	**96**	**5,515**	99	6,647
Total	**472**	**18,479**	490	17,186

As at 31 December 2012, the remaining value of backlog amounted to approximately RMB18,479 million in total, which well-secured the Group's future income.

New technological achievement and awards

The Group focused on implementing the technical development strategy of "Low carbon, Function, Safety" of curtain wall products and led the development trend of the industry with its technological innovations. In 2012, the Group initiated 159 new innovation projects, covering research in low-carbon and energy-saving, shielding sun and heat installation, structural safety, fire-proof and shock resistant and architectural aesthetics areas, of which 138 projects have been completed and passed the examination, and have been applied in construction in succession, such as, energy-saving large-span double deck unit-typed curtain wall of Leadenhall Building (萊登辦公大樓), Britain, safe shock-resistant unit-typed curtain wall of Kanda Surugadai (神田駿河台) in Japan and intelligent ice-melting skylights of Huaxin Industrial Park in Dalian (大連華信產業園), PRC.

The Group applied for 330 patents and obtained 560 patents authorization (including those applied in 2011) in 2012. The accumulated number of patents authorization of the Group was 730 as at 31 December 2012. In 2012, the Group won the "Shenyang Scientific and Technological Progress Prize", the "Patent Award in Shenyang", 7 "Lu Ban Awards", which is the most honorable architectural engineering award in China, and 15 "Magnolia Awards" for architectural engineering in Shanghai. Meanwhile, the Group was nominated as an "Excellent Enterprise of Photovoltaic Building Application of China 2009-2011" by Photovoltaic Building Application Committee of China Construction Metal Structure Association and its innovated products were awarded as "Specialized, Delicate, Unique, Innovative" products.

Certain newly undertaken projects in 2012 with an aggregate contract amount of approximately RMB3,324.2 million were using new types of curtain wall systems, mainly including, double-skin energy-saving curtain wall, photovoltaic curtain wall, intelligent curtain wall, environmental-friendly curtain wall and LED curtain wall. We would keep developing brand new and innovative curtain wall products and techniques to apply them in curtain wall projects and strengthening our leading position in techniques.

BUSINESS PROSPECTS

Further strengthening R&D and innovation

As a leading enterprise in curtain wall industry in the world, we understand the R&D ability is a motivator of the development of enterprises. By upholding its corporate operation principle of "technology leads markets and services create values", the Group continued to enlarge the investment in R&D. The total investment in R&D in 2012 was RMB373.0 million, representing a year-on-year increase of 49.8% as compared to 2011. The investment capital in R&D was mainly used in the design of new curtain wall and environmental-friendly curtain wall, the modification of existing products and the innovation of new techniques and products, including low-carbon and energy-saving construction wall, intelligent environmental-friendly ventilated products, modularized construction wall techniques and Internet of Things application technology research. Currently, the products of the Group have covered environmental-friendly curtain wall, energy-saving curtain wall, photovoltaic curtain wall and intelligent curtain wall. The Group will continue to develop epoch-making products and techniques with an aim to shape the future development of the curtain wall industry and consolidate its technological advantages and leading position in the industry.

Closely following the national strategic realignment in PRC market

With the implementation of the national strategy of "new urbanization" and "Beautiful China" and leveraging on its leading advantages in technology, the Group proactively promotes the transformation of traditional curtain wall products to high-end energy-saving products.

A series of real estate control measures in China caused real estate investment to switch from the saturating residential market to commercial real estate market, which is an effective driving force to the development of the domestic curtain wall industry.

Benefiting from the 12th Five Year Plan of the Country and the industrial supporting policies for the cultural industry, local financial industry and the progress of urbanization, the prospect of curtain wall industry is optimistic. The Company undertook the project of Harbin theatre, China Bohai Bank in Tianjin and New City of Eastern Fuzhou in 2012.

The Group will continue to focus on the domestic curtain wall market in 2013.

Developing major overseas market with devised strategies

For overseas market, the sluggishness of the economic recovery in Europe and America in 2012 affected the overseas business of the Group to a certain extent. The Group will evaluate the current market condition, strictly control cost budget for projects, actively expand the strategies for overseas markets, focus on overseas markets, such as Australia, Far East and America and will increase the market expansion in these regions to achieve growth of revenue generated from overseas market gradually.

The Group will continue to adhere to its internationalized strategy, however, for 2013, the Company will be more discreet in the development of overseas market.

In 2013, confronting adversity and challenges, the Board, on one hand, plans to establish the strategies and targets for the mid-long term development of the Group; on the other hand, will take advantages of the opportunities of PRC market and major overseas markets to ensure newly undertaken contracts to be duly signed; strengthen the assessment and monitoring of management performance, emphasize on the product idea of "service, quality and cost", ensure the time limit and quality of projects, control the cost budget of projects and strive to realize capital return and planned profit target of construction projects. The Board is confident about the long-term development potential of the Group in China and the Group will continue to make its efforts to create more values and returns for its shareholders.

FINANCIAL REVIEW

Turnover

During the Reporting Period, the Group's turnover increased by approximately RMB1,047.6 million, or 9.7%, from RMB10,797.0 million in 2011 to RMB11,844.6 million. The increase in turnover was primarily due to the following reasons:

(i) The revenue generated from PRC projects increased by approximately RMB847.3 million, or 11.8%, from RMB7,177.1 million in 2011 to RMB8,024.4 million, contributing to 67.7% of the revenue of the Group. Other regions recorded a growth in revenue, notwithstanding the drop in revenue in Western China. The revenue of Northeast China, Southern China and Northern China regions increased significantly as compared to the corresponding period of last year and the region of Eastern China kept steady, which was partially offset the adverse effect from decrease in revenue of Western China region. Northeast region benefited from the Shenyang projects of National Games. Southern China and Northern China regions benefited from the faster progress in new large projects.

(ii) The overall revenue generated from overseas projects increased slightly as compared to the corresponding period of last year, by approximately RMB200.3 million, or 5.5%, from RMB3,619.9 million in 2011 to RMB3,820.2 million, contributing to 32.3% of the revenue of the Group. The increase was mainly due to a sharp increase in Far East and America market despite the significant drop in revenue in Middle East, Australia and other regions. The revenue from our Europe market remained constant.

Cost of sales

For the year ended 31 December 2012, the cost of sales of the Group increased by approximately RMB1,395.8 million, or 16.4%, from RMB8,491.0 million in 2011 to RMB9,886.8 million. The year-on-year increase in cost of sales is larger than that of year-on-year revenue. The increase in cost of sales was primarily due to the following reasons:

(i) Affected by economic slowdown in overseas market and tightening policy in credit market in PRC, the actual construction period is longer than contract period, leading to a significant increase in installation cost and on-site cost by 35.9% and 35.0% respectively;

(ii) As the Group enhanced the development of new energy and technology of architectural energy-saving, the investment in R&D increased. R&D expenditure increased significantly as compared to the corresponding period of last year. The R&D expenditure of 2012 increased by approximately 49.8% from 2011.

Gross profit and gross profit margin

The Group's gross profit decreased by RMB348.2 million, or 15.1%, from RMB2,306.0 million in 2011 to RMB1,957.8 million in 2012. Our gross profit margin dropped to 16.5% in 2012 from 21.4% in 2011. Of which:

The domestic gross profit margin dropped by approximately 3.8% to 18.9%. Due to the tightening of the domestic credit market, certain contractees delayed the confirmation of the supplementary payment of certain completed projects. The profit margin generally dropped for regions in China in which the Group had business, especially the gross profit margin of Western China and Southern China being the lowest. The construction of West China region fell behind developed region as its economic development started late; gross profit margin of Western China and Southern China was lower due to the lower market shares of the Group and competitive local markets of Southern China for curtain wall enterprises.

The overseas profit margin fell by approximately 7.3% to 11.5%. Affected by the consistent global economic slowdown and European debt crisis, the actual progress of some overseas construction projects was slower than the contracted term, triggering the upsurge in installation cost and cost of construction sites. Besides, the profit of newly undertaken construction previously accepted by the Group is not high. The overseas profit margin of the Group in 2012 declined sharply. The profit margin of Europe, Far East and America regions recorded the biggest decrease, mainly due to the fact that delay in projects in Europe led to an increase in installation cost and cost of construction sites, and the curtain wall market in Far East and America became increasingly competitive. Therefore, the profit margin of the projects in such regions undertaken by the Group fell accordingly.

Other revenue

Other revenue decreased by RMB7.4 million from RMB23.4 million in 2011 to approximately RMB16.0 million in 2012. This was mainly due to decrease in one-off government corporate subsidy of RMB6.5 million.

Other net income

Other net income primarily comprises net gain from the sale of raw materials and gain on disposal of land, property, plant, equipment and land use rights. Other net income decreased from RMB119.1 million in 2011 to RMB5.6 million in 2012. After excluding the effect of the proceeds arising from one-off disposal of fixed assets and land by the Company in 2011(as our new plant located in Shenyang was completed and commenced operation at the end of 2007, the old plant and land were resumed by the local government and cash compensation was granted which brought about net income of RMB114.2 million after deducting the costs incurred), other net income in 2012 was at the similar level in 2011.

Selling expenses

Selling expenses increased by RMB30.3 million, or 13.4%, from RMB226.1 million in 2011 to RMB256.4 million in 2012. Selling expenses in 2012 accounted for 2.2% of the revenue, which was similar to that of 2011 (2.1%).

Administrative expenses

The Group's administrative expenses in 2012 were approximately RMB1,162.0 million as compared with RMB1,026.5 million in 2011, representing an increase of RMB135.5 million or 13.2%. Despite a decrease in professional service fees (the professional service fees were higher as a result of the listing of the shares of the Company in the Stock Exchange in 2011) of the Group in 2012, the overall administrative expenses still increased in 2012. Such increase was primarily due to:

(i) that salary increased as a result of business expansion and an increase in turnover, which caused an increase of RMB103.8 million in staff salaries and benefits.

(ii) that the Group adheres to a principle of prudent operation as a result of the tightening credit policy in China, and hence provision of impairment losses on trade and other receivables increased by RMB22.1 million from RMB63.0 million in 2011 to RMB85.1 million in 2012.

(iii) a payment of river transportation tax in accordance with new regulations starting from 2012. The Group did not pay any related tax before.

Administrative expenses accounted for 9.8% of the revenue (2011: 9.5%).

Finance costs

Finance costs decreased by RMB25.3 million or 16.1% from RMB156.8 million in 2011 to RMB131.5 million in 2012. This was primarily due to:

i) that bank charges decreased by RMB12.2 million in 2012 because guarantee charges decreased and the Group has repaid the bridge loan of HKD820.0 million during the first half of 2011 granted by Standard Chartered Bank for the listing and reorganization of the Group and charges of the loan incurred during the period was RMB6.9 million.

ii) and net foreign exchange gain (including gain from forward foreign exchange contracts) was recorded at a level of net foreign exchange gain of RMB7.1 million in 2012 and net foreign exchange loss of RMB17.4 million in 2011. In 2012, the Company recorded a net gain for its transactions in Australian dollars, Canadian dollars, Euro, Swiss Francs and GBP, whereas recorded a net loss for transactions in USD, JPY and SGD.

iii) the above decrease in finance costs was partially compensated by the increase of RMB14.4 million of interest expenses.

Income tax

Income tax decreased by RMB162.0 million or 75.9%, from RMB213.5 million in 2011 to RMB51.5 million in 2012. Our effective tax rate decreased from 20.5% in 2011 to 12.0% in 2012. In October 2011, Shenyang Yuanda Aluminium Industry Engineering Co., Ltd. ("Shenyang Yuanda"), a subsidiary of the Group, was certified as a high-tech enterprise of national grade and Shenyang Yuanda was subject to preferential PRC Corporate Income Tax Rate of 15% for 2012 and 2013, and subject to renewal after 2013.

Profit attributable to our equity shareholders

For the year ended 31 December 2012, profit attributable to equity shareholders of the Company was approximately RMB438.5 million (2011: RMB850.3 million), representing a decrease of approximately 48.4% as compared with the same period in 2011. Basic and diluted earnings per share were RMB0.07 (2011: RMB0.16), representing a decrease of 56.3% in 2011.

Net current assets and financial resources

As at 31 December 2012, the Group's net current assets was RMB2,765.1 million (net current assets on 31 December 2011: RMB2,817.2 million). The Group funds its working capital requirements through its global offering in 2011 and through cash inflow from its operations to maintain a stable financial position. As at 31 December 2012, the Group's cash and cash equivalents amounted to RMB2,132.3 million (31 December 2011: RMB1,944.5 million).

Bank loans and gearing ratio

As at 31 December 2012, the Group's total bank borrowings amounted to RMB1,952.0 million (31 December 2011: RMB1,507.5 million). The Group's gearing ratio (total loans divided by total equity) was 46.5% (31 December 2011: 37.5%). The increase was due to an increase in new bank borrowings of the Group in 2012.

Turnover days of receivables/trade and bills payables

Turnover days (days)	**2012**	2011
Receivables (1*)	**172 days**	132 days
Trade and bills payables (2*)	**163 days**	126 days
Inventory (3*)	**37days**	33 days

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

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 and multiplied by 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 and multiplied by 365 days.

The balance of the receivables of the Company was RMB6,358.6 million as at 31 December 2012, representing an increase of 1,575.0 million, or 32.9% from the corresponding period of 2011, and the receivables turnover days in 2012 increased by 40 days over 2011. The increase was mainly due to the fact that amidst tightening domestic credit market and fiscal crunch, the developers were cautious in project investment or delayed in construction progress payment or examination of completed projects, or reduced or delayed the payment of the contract work. However, according to the contract or the developers' payment undertaking, the Group should meet the requirements of progress in the projects. This resulted in more working capital advanced by the Group and a longer settlement period from the customers. The management paid much attention to managing settlement period of receivables and there was a slight improvement compared with the first half of 2012 (184 days).

In addition, as at 31 December 2012, the balance of the payables of the Company was RMB3,896.9 million, representing an increase of RMB1,225.8 million, or 45.9% in the corresponding period of 2011. The difference between the receivables turnover days and the payables turnover days for this period was 9 days, basically reaching the level of 2011. As we are in good and long-term relationship with suppliers, the payables turnover days would increase accordingly following the increase in the receivables turnover days.

In 2012, the Group also successfully raised the net operating cash flow from RMB(1,122.2) million for the six months ended 30 June 2012 to RMB201.6 million for the year ended 31 December 2012.

Inventories and inventory turnover days

Our inventories primarily consist of materials used in fabrication of curtain wall products, including aluminum extrusions, glass, steel and sealant. The Group's inventory balance as at 31 December 2012 was approximately RMB485.3 million (31 December 2011: RMB457.2 million). For the year ended 31 December 2012, inventory turnover days was 37 days, representing an increase of 4 days as compared with 33 days in 2011. The inventory balance and the inventory turnover days basically remained at the same level as compared with that of the corresponding period last year.

Capital expenditure

In 2012, the Group's capital expenditure amounted to RMB193.5 million, which was mainly related to the expenses incurred on acquiring land, construction of plant and purchase of equipment. With respect to our production capacity expansion, save for part of our plant in Anshan and the new plant area in Chengdu which are under construction, the expansion of the production capacity in plant areas in Shanghai and Foshan have being carried out successively. The original plan of establishment of new plant areas in Tianjin and Middle East have not yet been implemented due to a cautious sentiment arising from the macro-restraining policies in China and the slowdown of overseas economies and sufficient existing production capacity. The new plant area in Chengdu (a site area of 100,000 sqm., a construction area of 73,500 sqm. and the project budget cost RMB133.8 million) had an accumulated investment of RMB113.7 million as at 31 December 2012 and such project is expected to be completed in 2013.

Foreign exchange risk

The overseas projects of the Group were mainly dominated in USD, EURO, AUD and GBP. To manage our foreign exchange risks, we have started hedging the risk of appreciation of the Renminbi against foreign currencies through entering into forward foreign exchange contracts with reputable banks.

Contingent liabilities

The Group's contingent liabilities as at 31 December 2012 are set out in Note 15.

Global offering and use of proceeds

In May 2011, the Company conducted a 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 by the Company 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 supplementary Prospectus dated 5 May 2011, the Company intended to use the proceeds 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 31 December 2012, an accumulated amount of approximately HK$1,702 million of proceeds from the global offering (of which expansion of production capacity: HK$259 million; repayment of its existing debts (mainly comprised of the bridge loan of Standard Chartered Bank): HK$962million; investment in research and development: HK$261 million; and expansion of its sales and marketing network: HK$220 million) was utilized. The remaining proceeds will be used as stated in the Prospectus and the supplementary Prospectus of the Company.

Human resources

As of 31 December 2012, the Group had 12,532 (31 December 2011: 13,009) full-time employees in total. The Group has sound policies of management incentives and competitive remuneration, which aligns the interests of management, employees and shareholders' alike. The Group sets its remuneration policy by 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 participation in share options.

Company's Mission

The Group implements the operation philosophy of "Technology leads the world, Services create value" and follows the corporate spirit of "To do things honestly, To treat people sincerely, To understand causes and results, To unify theory and practice". It leads the Group continue to build up independent brand, independent intellectual property and independent marketing network, so as to assume corporate social responsibility for the state, to provide superior products and services to customers, to enhance benefits for employees as well as to create values and returns for equity shareholders.

Review on Annual Results

The annual results of the Company for the year ended 31 December 2012 have been audited by KPMG, the external auditor of the Company, in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The independent auditor's report will be included in the Annual Report to equity shareholders. The audited annual 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 the Audit Committee), Mr. Woo Kar Tung, Raymond and Mr. Pang Chung Fai, Benny.

Corporate Governance

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. For the period from 1 January 2012 to 31 March 2012, the Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Old Code") formerly set out in the then Appendix 14 to the Listing Rules and for the period from 1 April 2012 to 31 December 2012, the Company has adopted the code provisions set out in the Corporate Governance Code (the "New Code", together with the Old Code, the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules as its own code to govern its corporate governance practices. Save for the deviations of the Code Provisions A.6.7 and E.1.2 of the Corporate Governance Code as disclosed in the interim report of the Company for the six months ended 30 June 2012 dated 27 August 2012.

Further information of the corporate governance practice of the Company will also be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2012.

Model Code for Securities Transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules for the transactions of the Company's securities. 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 throughout the year ended 31 December 2012.

Final Dividends

The Board recommends a cash final dividend of HK4 cents per share for the year ended 31 December 2012, totalling approximately HK$248.3 million which is expected to be paid on or around 18 June 2013 (Tuesday), subject to the approval of the shareholders of the Company at the coming annual general meeting.

Annual General Meeting

The annual general meeting of the Company will be held on 29 May 2013 (Wednesday). A notice convening the annual general meeting will be published and dispatched to equity shareholders of the Company in the manner required by the Listing Rules in due course.

BOOK CLOSE PERIOD AND RECORD DATE

(a) For determining the entitlement to attend and vote at the annual general meeting

The Company's register of members will be closed from 24 May 2013 (Friday) to 29 May 2013 (Wednesday) (both days inclusive), during which time no transfer of shares will be registered. To ensure that equity shareholders are entitled to attend and vote at the annual general meeting, equity shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Room 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 23 May 2013 (Thursday) for registration of the relevant transfer.

(b) For determining the entitlement to the proposed final dividend

For determining the entitlement to the proposed final dividend for the year ended 31 December 2012, the Company's register of members will be closed from 4 June 2013 (Tuesday) to 6 June (Thursday) (both days inclusive), during which time no transfer of shares will be registered, and the record date is fixed on 6 June 2013 (Thursday). To ensure that equity shareholders are entitled to receive the distribution of final dividends to be approved at the Company's annual general meeting, equity shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Room 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 3 June 2013, Monday for registration of the relevant transfer.

Purchase, Sale and Re-Purchase of Shares

There was no purchase, sale and re-purchase of any listed securities of the Company by the Company or any of its subsidiaries for the year ended 31 December 2012.

Sufficiency of Public Float

Based on the public information available to the Company and within the knowledge of the Directors, the Company maintained adequate public float throughout the year ended 31 December 2012.

Acknowledgement

On behalf of the Board, I would like to express my sincere gratitude to our equity shareholders, investors, partners and customers for their continued trust and support and all the management and staff of the Group for their contribution and devotion. The Group is obliged and confident in prudently operating business, reversing the declining trend of the results in 2012 against the adverse environment and achieving a brighter performance and delivering fruitful rewards to our shareholders and investors in 2013.

Publication of Annual Report

This annual results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.yuandacn.com). The annual report of the Company for the year ended 31 December 2012 containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and made available on the aforesaid websites in due course.

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

Hong Kong, 27 March 2013

As at the date of this announcement, the executive Directors are Mr. Kang Baohua, Mr. Tian Shouliang, Mr. Guo Zhongshan, Mr. Wang Yijun, Mr. Wu Qingguo and Mr. Wang Lihui and the independent non-executive Directors are Mr. Poon Chiu Kwok, Mr. Woo Kar Tung, Raymond and Mr. Pang Chung Fai, Benny.