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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 2013

The Board of Directors (the "Board") of Yuanda China Holdings Limited (the "Company") hereby announces the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2013.

FINANCIAL HIGHLIGHTS

	First Half of 2013	First Half of 2012	Percentage/ amount change increase/ (decrease)
Turnover (RMB million)	**4,739.5**	5,213.5	(9.1%)
Gross profit margin	**7.6%**	18.8%	(11.2%)
EBITDA (RMB million)	**(190.0)**	416.2	(145.7%)
Net cash used in operating activities (RMB million)	**(1,773.4)**	(1,122.2)	(651.2)
(Loss)/profit attributable to equity shareholders of the Company (RMB million)	**(269.6)**	262.4	(202.7%)
Basic and diluted (loss)/earnings per share (RMB cents)	**(4.3)**	4.2	(202.4%)
Proposed interim dividend per share (HK$ cents)	**NIL**	NIL	NIL

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2013 – unaudited
(Expressed in Renminbi ("RMB"))

	Note	Six months ended 30 June **2013** *RMB'000*	2012 *RMB'000*
Turnover	*3*	**4,739,501**	5,213,535
Cost of sales		**(4,378,076)**	(4,231,714)
Gross profit		**361,425**	981,821
Other revenue		**5,918**	4,099
Other net income		**1,999**	3,326
Selling expenses		**(91,368)**	(116,695)
Administrative expenses		**(516,090)**	(502,510)
(Loss)/profit from operations		**(238,116)**	370,041
Finance costs	*4(a)*	**(172,354)**	(64,721)
(Loss)/profit before taxation	*4*	**(410,470)**	305,320
Income tax	*5*	**75,232**	(56,141)
(Loss)/profit for the period		**(335,238)**	249,179
Attributable to:			
Equity shareholders of the Company		**(269,635)**	262,356
Non-controlling interests		**(65,603)**	(13,177)
(Loss)/profit for the period		**(335,238)**	249,179
(Loss)/earnings per share			
– Basic and diluted (RMB)	*6*	**(0.043)**	0.042

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013 – unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
(Loss)/profit for the period	**(335,238)**	249,179
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	**70,312**	39,491
Cash flow hedge: net movement in the hedging reserve	**61,384**	(13,756)
Other comprehensive income for the period	**131,696**	25,735
Total comprehensive income for the period	**(203,542)**	274,914
Attributable to:		
Equity shareholders of the Company	**(142,131)**	287,761
Non-controlling interests	**(61,411)**	(12,847)
Total comprehensive income for the period	**(203,542)**	274,914

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2013 – unaudited
(Expressed in RMB)

	Note	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Non-current assets			
Property, plant and equipment		**832,298**	842,930
Lease prepayments		**602,240**	602,914
Deferred tax assets		**298,647**	214,930
		1,733,185	1,660,774
Current assets			
Inventories		**405,776**	485,297
Gross amount due from customers for contract work	7	**5,014,888**	4,954,134
Trade and bills receivables	8	**2,789,794**	2,494,479
Deposits, prepayments and other receivables		**741,293**	493,134
Cash and cash equivalents		**829,361**	2,132,343
		9,781,112	10,559,387
Current liabilities			
Trade and bills payables	9	**3,033,075**	3,896,868
Gross amount due to customers for contract work	7	**1,185,288**	1,090,045
Receipts in advance		**80,938**	136,536
Accrued expenses and other payables		**331,617**	641,669
Bank loans		**2,621,990**	1,801,990
Income tax payable		**184,113**	190,373
Provision for warranties		**46,987**	36,856
		7,484,008	7,794,337
Net current assets		**2,297,104**	2,765,050
Total assets less current liabilities		**4,030,289**	4,425,824

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Non-current liabilities		
Bank loans	**150,000**	150,000
Deferred tax liabilities	**1,400**	1,461
Provision for warranties	**87,720**	79,151
	239,120	230,612
NET ASSETS	**3,791,169**	4,195,212
CAPITAL AND RESERVES		
Share capital	**519,723**	519,723
Reserves	**3,448,330**	3,790,962
Total equity attributable to equity shareholders of the Company	**3,968,053**	4,310,685
Non-controlling interests	**(176,884)**	(115,473)
TOTAL EQUITY	**3,791,169**	4,195,212

NOTES

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION

The interim financial report 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 (the "Stock Exchange"), including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the "IASB"). It was authorised for issue on 27 August 2013.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for accounting policy changes that are expected to be reflected in the 2013 annual financial statements. Details of these changes in accounting policies are set out in Note 2.

The preparation of an interim financial report 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.

The interim financial report 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 2012 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 report 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 2012 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2012 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 March 2013.

2 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- IFRS 10, *Consolidated financial statements*
- IFRS 12, *Disclosure of interests in other entities*
- IFRS 13, *Fair value measurement*
- *Annual Improvements to IFRSs 2009-2011 Cycle*
- Amendments to IFRS 7 – *Disclosures – Offsetting financial assets and financial liabilities*

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

Amendment to IAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments to IAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

IFRS 10, Consolidated financial statements

IFRS 10 replaces the requirements in IAS 27, *Consolidated and separate financial statements*, relating to the preparation of consolidated financial statements and SIC-12, *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in the interim financial report as a result of adopting IFRS 12.

IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial report. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Annual Improvements to IFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, IAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (the "CODM") and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. In respect of this amendment, the Group has continued to disclose segment assets and segment liabilities in the interim financial report.

Amendments to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32, *Financial instruments: Presentation*, and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with IAS 32.

The adoption of the amendments does not have an impact on the Group's interim financial report because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of IFRS 7.

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 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 results 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. No significant inter-segment sales have occurred for the six months ended 30 June 2013 and 2012.

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 2013 and 2012 is set out below.

	Six months ended 30 June 2013						
	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	**900,341**	**632,297**	**1,001,995**	**321,773**	**722,359**	**1,160,736**	**4,739,501**
Reportable segment profit/(loss) (adjusted EBITDA)	**108,762**	**16,871**	**(4,693)**	**(54,192)**	**46,537**	**(303,313)**	**(190,028)**

	At 30 June 2013						
	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	**2,223,262**	**1,021,648**	**2,137,939**	**1,136,992**	**1,124,396**	**3,015,530**	**10,659,767**
Reportable segment liabilities	**807,790**	**621,249**	**953,168**	**621,824**	**773,181**	**1,414,722**	**5,191,934**

	Six months ended 30 June 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	605,901	671,459	894,446	601,781	529,213	1,910,735	5,213,535
Reportable segment profit (adjusted EBITDA)	62,340	64,412	141,281	49,327	16,950	81,928	416,238

	At 31 December 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*
Reportable segment assets	2,248,695	1,182,254	2,353,332	1,226,702	1,036,671	3,162,227	11,209,881
Reportable segment liabilities	1,119,160	776,268	1,276,001	665,997	757,762	1,533,933	6,129,121

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue and consolidated turnover	**4,739,501**	5,213,535
(Loss)/profit		
Reportable segment (loss)/profit	**(190,028)**	416,238
Depreciation and amortisation	**(35,429)**	(32,641)
Finance costs	**(172,354)**	(64,721)
Unallocated head office and corporate expenses	**(12,659)**	(13,556)
Consolidated (loss)/profit before taxation	**(410,470)**	305,320

	At 30 June 2013	At 31 December 2012
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**10,659,767**	11,209,881
Property, plant and equipment	**157,769**	156,540
Lease prepayments	**236,937**	233,572
Deferred tax assets	**298,647**	214,930
Unallocated head office and corporate assets	**727,974**	799,916
Elimination of receivables between segments, and segments and head office	**(566,797)**	(394,678)
Consolidated total assets	**11,514,297**	12,220,161
Liabilities		
Reportable segment liabilities	**5,191,934**	6,129,121
Bank loans	**2,771,990**	1,951,990
Income tax payable	**184,113**	190,373
Deferred tax liabilities	**1,400**	1,461
Unallocated head office and corporate liabilities	**140,488**	146,682
Elimination of payables between segments, and segments and head office	**(566,797)**	(394,678)
Consolidated total liabilities	**7,723,128**	8,024,949

4 (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Interest on bank advances and other borrowings wholly repayable within five years	**65,899**	56,535
Bank charges and other finance costs	**12,268**	12,200
Total borrowing costs	**78,167**	68,735
Interest income	**(3,553)**	(6,498)
Net foreign exchange loss	**122,308**	8,896
Forward foreign exchange contracts: cash flow hedges, reclassified from equity	**(24,568)**	(6,412)
	172,354	64,721

(b) Staff costs:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**470,705**	530,514
Contributions to defined contribution retirement plans	**36,478**	39,551
Equity-settled share-based payment expenses in respect of share award scheme *(Note 10(b))*	**12,088**	–
	519,271	570,065

(c) Other items:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Depreciation and amortisation	**35,429**	32,641
Net (loss)/gain on disposal of property, plant and equipment	**(11)**	793
Impairment losses on trade and other receivables	**71,462**	50,769
Operating lease charges in respect of land, plant and buildings, motor vehicles and other equipment	**34,378**	42,355
Research and development costs	**168,242**	123,923
Increase in provision for warranties	**40,732**	25,713
Cost of inventories	**4,378,076**	4,231,714

5 INCOME TAX

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Current taxation		
– PRC income tax	**10,135**	67,933
– Overseas income tax	**11,041**	3,901
	21,176	71,834
Deferred taxation		
– Origination and reversal of temporary differences	**(96,408)**	(15,693)
	(75,232)	56,141

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 2013 (six months ended 30 June 2012: 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 2013 (six months ended 30 June 2012: 25%). 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 2012 to 2013 and therefore enjoys a preferential PRC Corporate Income Tax rate of 15% for the six months ended 30 June 2013 (six months ended 30 June 2012: 15%).

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 six months ended 30 June 2013 pursuant to the rules and regulations of their respective countries of incorporation (six months ended 30 June 2012: 8.5% to 35%).

6 BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The basic loss per share for the six months ended 30 June 2013 is calculated based on the loss attributable to equity shareholders of the Company of RMB269,635,000 (six months ended 30 June 2012: profit attributable to equity shareholders of the Company of RMB262,356,000) and the weighted average of 6,207,862,000 ordinary shares (six months ended 30 June 2012: 6,208,734,000 ordinary shares) in issue during the interim period, calculated as follows:

	Six months ended 30 June	
	2013	2012
	'000	*'000*
Issued ordinary shares at 1 January	**6,208,734**	6,208,734
Effect of shares purchased and vested under a share award scheme *(Note 10(b))*	**(872)**	–
Weighted average number of ordinary shares at 30 June	**6,207,862**	6,208,734

(b) Diluted (loss)/earnings per share

There were no dilutive potential shares outstanding during the six months ended 30 June 2013 and 2012.

7 GROSS AMOUNT DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	At 30 June 2013	At 31 December 2012
	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	**32,022,260**	27,651,808
Less: progress billings	**(28,192,660)**	(23,787,719)
	3,829,600	3,864,089
Gross amount due from customers for contract work	**5,014,888**	4,954,134
Gross amount due to customers for contract work	**(1,185,288)**	(1,090,045)
	3,829,600	3,864,089

8 TRADE AND BILLS RECEIVABLES

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Trade receivables for contract work due from:		
– Third parties	**2,949,943**	2,492,700
– Affiliates of the Controlling Shareholder	**27,172**	82,050
	2,977,115	2,574,750
Bills receivables for contract work	**133,543**	174,426
Trade receivables for sale of raw materials due from:		
– Third parties	**3,572**	3,014
– Affiliates of the Controlling Shareholder	**2,716**	1,687
	6,288	4,701
	3,116,946	2,753,877
Less: allowance for doubtful debts	**(327,152)**	(259,398)
	2,789,794	2,494,479

The Group generally requires customers to settle progress billings and retentions receivables in accordance with contracted terms. Credit terms may be granted to customers, depending on credit assessment carried out by management on an individual customer basis. In accordance with general industry practices, credit terms of one to two years may be granted to customers for retentions receivables.

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 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Within 1 month	**410,221**	613,653
More than 1 month but less than 3 months	**579,611**	487,245
More than 3 months but less than 6 months	**792,152**	599,692
More than 6 months	**1,007,810**	793,889
	2,789,794	2,494,479

9 TRADE AND BILLS PAYABLES

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Trade payables for purchase of inventories due to:		
– Third parties	**2,013,942**	2,271,179
– Affiliates of the Controlling Shareholder	**3,133**	21,693
	2,017,075	2,292,872
Trade payables due to sub-contractors	**308,459**	541,452
Bills payables	**707,541**	1,062,544
Financial liabilities measured at amortised cost	**3,033,075**	3,896,868

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 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Due within 1 month or on demand	**2,415,196**	3,049,499
Due after 1 month but within 3 months	**225,370**	281,454
Due after 3 months	**392,509**	565,915
	3,033,075	3,896,868

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 2013 (six months ended 30 June 2012: RMBNil).

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

	Six months ended 30 June	
	2013 *RMB'000*	2012 *RMB'000*
Final dividend in respect of the previous financial year, approved during the following interim period, of HK$0.04 per ordinary share (six months ended 30 June 2012: HK$0.04 per ordinary share)	**201,374**	201,337

(b) Share award scheme

On 10 April 2013 (the "Adoption Date"), 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 of the Group. A trust has been set up for the purpose of administering the Share Award Scheme.

Pursuant to the Share Award Scheme, the trust may purchase shares of the company from the Stock Exchange with cash contributed by the Group, and to held such shares until they are vested.

The directors of the Company may, from time to time, at its sole and absolute discretion, select any employee of the Group (other than those classes of employees specifically excluded as stated in the Share Award Scheme) for participation in the Share Award Scheme and grant such number of awarded shares to any selected employee of the Group at nil consideration. The directors of the Company are entitled to impose any conditions (including a period of continued service within the Group after the award) with respect to the vesting of the awarded shares.

The Share Award Scheme came into effect on the Adoption Date, and shall terminate on the earlier of (i) the tenth anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the directors of the Company.

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

	Six months ended 30 June 2013		
	Average purchase price	**No. of shares held**	**Value**
	HK$	***'000***	***RMB'000***
At 1 January 2013	**–**	**–**	**–**
Shares purchased during the period	**0.79**	**18,020**	**11,215**
Shares vested during the period		**(18,020)**	**(11,215)**
At 30 June 2013		**–**	**–**

On 20 May 2013, 18,020,000 ordinary shares held under the Share Award Scheme were awarded to certain directors and employees of the Group with a fair value per share of HK$0.84 (equivalent to approximately RMB0.67 per share). The fair value of the awarded shares is determined by reference to the closing price of the Company's ordinary shares on 20 May 2013. All of the awarded shares have been vested on 23 May 2013.

11 CONTINGENT LIABILITIES

(a) Guarantees issued

At 30 June 2013, the Group has issued the following guarantees:

	At 30 June 2013	At 31 December 2012
	RMB'000	*RMB'000*
Guarantees for construction contracts' bidding, performance and retentions	**2,015,701**	2,378,699

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. 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 RMB146.2 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 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 RMB243.5 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 Euro4.1 million (equivalent to approximately RMB33.0 million), of which Euro1.0 million (equivalent to approximately RMB8.1 million) has already been provided by the Group at 30 June 2013 based on legal advice.

(iv) In addition to the lawsuits and arbitration 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. 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 RMB18.3 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.

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. Our curtain wall solutions to our end customers mainly concentrate in domestic and overseas non-residential and infrastructure development areas, such as office buildings of government authorities or corporate headquarters office buildings of various sectors, hotels, shopping centers, convention, cultural, sports and art centers, exhibition halls, airports, train stations, hospitals and universities.

We believe we are a leading provider of one-stop integrated curtain wall solutions with a comprehensive product portfolio. We integrated elements of new materials, new technology, alternative energy, environmental protection and energy conservation into curtain wall products through complex research and development ("R&D"), design, production and installation processes. We have further developed curtain wall products and we 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.

For the six months ended 30 June 2013, the loss attributable to equity shareholders of the Company was approximately RMB269.6 million (30 June 2012: a profit of approximately RMB262.4 million), representing a decrease of about RMB532.0 million or 202.7% as compared to the corresponding period last year, which was the first time since the company recorded a loss since its listing. The main reasons for the loss in the first half of 2013 are set out below:

1. Overseas markets:

a) RMB appreciated continuously in the past few years, and the economic slowdown in the overseas market led to prolonged construction period as compared to the contract period, further increasing the foreign exchange loss;

b) Such slowdown in project progress also led to an increase in installation and on-site cost of these overseas projects in the first half of 2013. At the same time, the hourly rate of labor had increased both in domestic and overseas market in the past few years;

c) Prior to 2011 (including 2011), it was the strategy of the Company to focus on capturing market share and was more relaxed towards the profits and payment terms of the contracts in relation to the awarded projects. As a result, some of the on-going projects had low profit margins. Since most of these projects with low profit margins were either in progress over half-way, or nearly completed, or under settlement for completion during the first half in 2013, a considerable proportion of the recognized revenue was generated from such projects; and

d) In Europe, affected by the European debt crisis, there were less newly awarded projects in 2012. As a result, there was a decrease in the number of projects under construction for the first half of 2013; however, the overheads for the European employees remained high. On the other hand, as the European projects newly awarded to the Company in 2013 have not been commenced, they were not recognized as revenue, making the European market the major source of such loss in the overseas sector.

2. Domestic markets:

a) Although there were signs indicating a gradual revival of the domestic construction markets, significant changes in the progress capital contributed in project commencement by the customers of the Company were yet to be seen. The progress of project commencement remained slow. At the same time, based on same reason set out in paragraph 1.b above, the construction cost and on-site cost further increased; and

b) Based on the same reasons set out in paragraph 1.c, during the first half of 2013, a high proportion of recognized revenue was generated from projects with low profit margins that were undertaken by the Company prior to 2011 (including 2011). Such projects also dragged down the profit level in the domestic markets;

Newly awarded projects (Awarded project contract value excluding VAT (Value Added Tax)):

	For the first half of 2013		For the first half of 2012	
	Number of projects	***RMB (million)***	*Number of projects*	*RMB (million)*
Domestic	**67**	**3,899.1**	106	6,257.0
Overseas	**12**	**1,871.3**	26	1,786.0
Total	**79**	**5,770.4**	132	8,043.0

For the first half of 2013, the Company was newly awarded 79 projects, with an aggregate amount of approximately RMB5,770.4 million, representing a significant decline of 28.3% as compared to the corresponding period last year. The reasons for such decline are set out below:

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

a) Benefiting from an explosive demand of the National Games of China to be held in Shenyang, the Company secured more newly awarded projects in its northeast market in 2012. However, due to the environmental governance requirements relating to the National Games, for the first half of 2013, most of the new projects that the Company was pursuing remained in the bidding stage.

b) In the southwest and southern markets, for the purpose of the strategy adjustment on enhancing orders quality management, the Company has foregone bidding for those new projects with an expected lower profit margin and less favourable payment terms in order to mitigate potential risks of the ongoing development of the Company arising from low-price market competition.

c) In the northern market, more newly awarded orders were recorded as compared with that of last year; the eastern market remained at the same level compared to last corresponding period, which offsets some unfavorable effects.

Certain domestic landmark projects obtained in the first half of 2013 are set forth below:

Project name	**Category of project utilization**	**Approximately Contract amount**
Suzhou SBS Modern Media Building	Culture and Media	RMB173.2 million
Tianjin Tomson Bay	High-end residence	RMB157.3 million
Henan Coal Chemical Industry Group	Headquarters building	RMB144.6 million
Dalian Victoria Square	Shopping center	RMB142.6 million
Shanghai Comac Headquarters	Industrial park	RMB125.6 million
Clove Road 778, Shanghai	Office building	RMB107.6 million
Financial City of Yancheng	Financial center	RMB104.9 million
Dalian Victoria Mansion	Shopping center	RMB101.5 million

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

a) although the effect from the real estate bubbles in the Middle East market is subsiding, in view of the generally deteriorating payment terms of projects and the intensified price competition in this region, the Company exercised more prudence in approaching local projects;

b) as for the Australian market, the completion targets for most of the projects were delayed due to the country's election campaign;

c) the market in America were affected by the investigation on anti-subsidy and anti-dumping ("ASAD") of aluminum extrusion products by the governments of the United States and Canada. Management is proactively exploring other alternatives to reduce the impact of such unfavorable factors to the business of the Company in North America;

d) in the European and Asian markets, the Group performed well in the first half of 2013 and recorded healthy growth compared to the corresponding period last year.

Certain overseas landmark projects obtained in the first half of 2013 are set forth below:

Project name	**Category of project utilization**	**Approximately Contract amount**
Vietnam ICB Center	Financial center	RMB411.3 million
British Victoria Office Building	Financial center	RMB294.8 million
Algiers Masjid	Public facilities	RMB246.3 million
British South Tower	Upscale hotel	RMB194.7 million
Indescon Court Apartment	Upscale residence	RMB193.4 million
Moscow Administrative Commercial Center	Government office	RMB173.9 million
British Urban Road 261	Upscale hotel	RMB163.5 million

Backlog

	As at 30 June 2013		As at 30 June 2012	
	Number of projects	***RMB million***	*Number of projects*	*RMB million*
Domestic	**382**	**13,597.9**	402	13,493.2
Overseas	**88**	**6,130.3**	107	6,522.1
Total	**470**	**19,728.2**	509	20,015.3

As at 30 June 2013, the remaining value of backlog projects amounted to approximately RMB19,728.2 million (30 June 2012: RMB20,015.3 million), which will guarantee the Group's future income.

Major technology achievements and awards

The Group adopts the strategy of "energy saving, information technology, intelligent, new technology, new materials" for its future technical development of curtain wall products, and pioneers the development trend of the industry based on its technical expertise and extensive research and development experiences. In the first half of 2013, the Group initiated 75 new innovation programmes, covering research in low-carbon and energy-saving, sun shielding and heat insulation, intelligent technology and architectural aesthetics areas, of which 51 programmes have been completed and passed the quality check, and have been applied in construction successfully, such as:

- ultra white insulating laminated glass curtain wall body of Shenzhen Ping An Finance Centre (深圳平安金融中心);

- wide cellular stainless steel plate and sun shielding single-layer glass of Xiamen Shiqiao House (廈門世僑中心);

- 3mm thick titanium plated stainless steel curtain wall systems of Moscow President Service Centre (莫斯科總統服務中心).

For the first half of 2013, the Group received approval for 145 patents, including 9 patents for invention, 125 patents for utility model, and 11 patents for appearance design. The accumulated number of patents owned by the Group was 824 as at 30 June 2013.

In addition to constant innovations through the research and development in our main operating business, the Group gradually extends its business upstream and downstream and peripheral sectors. In the first half of 2013, the Group launched several brand new products, including the energy-saving insulated aluminum doors and windows, decoration walls and so forth, which not only compliment our product portfolio but also provided a new source of potential profit growth for the Group.

Certain newly awarded projects in the first half of 2013 with an aggregate contract amount of approximately RMB1,198 million were categorized under the new types of curtain wall systems, contributing to 20.8% of the amount of the newly awarded orders in the first half of 2013, which comprises unitized curtain wall, double-skin energy-saving curtain wall and LED curtain wall. We would keep developing new and innovative curtain wall products and application techniques in curtain wall projects with a view of strengthening our leading position in the industry.

Glass manufacturing company

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.

Shenyang Yuanda has received notice from this third party of not to proceed with this transaction due to the European debt crisis and its suspension of investment overseas. Shenyang Yuanda is evaluating the establishment of the glass factory on its own.

PROSPECTS

In the second half, faced with both opportunities and challenges, the Board is determined and will use its best effort to compensate for the loss incurred in the first half of 2013 by implementing the following measures:

1. adhere to the plan and implement the strategies and targets for the mid and long term development of the Group;

2. seize the opportunities of both PRC market and key overseas markets, ensure timely signing of new contracts with selected customers of good creditability. Establish a small project company, adjust its operating mode, to seize greater market share;

3. with the management of workflow, strengthen the assessment and monitoring of management performance, emphasize on the product idea of "service, quality and cost" and ensure the time limit and quality of projects are met; improve the collection of payment for newly awarded, ongoing, and completed projects in order to solidify our operating cash flow, and meanwhile, reduce the installation cost and on-site cost through controlling cost budget to improve the gross profit margin of the Company; and to push

our customers to confirm the supplementary contract value, improve profit margins of projects in a reasonable level;

4. through standardizing our products, reduce the cost of mould making, lower the inventory level, at the same time, and improve the Group's operating cash flow position;

5. improve the operating mode of the Company, such as adjustment on the manufacturing and installation of frame curtain wall in order to reduce the production cost and transportation cost; and

6. reduce the wage level and reduce redundant labor, improve the performance per capita, evoke the enthusiasm of both the employees and management teams through incentive performance assessment, in order to improve the Group's profitability and reduce the administrative expenses.

FINANCIAL REVIEW

Turnover

For the six months ended 30 June 2013, the Group's turnover was approximately RMB4,739.5 million (30 June 2012: approximately RMB5,213.5 million), representing a decrease of about RMB474.0 million or 9.1% compared to the last corresponding period. Such decrease was mainly the effect of the significant decrease in revenue from the overseas market. The increase in revenue generated from the domestic market as compared to the corresponding period last year offset part of the unfavourable impact. The reasons for such decrease are set out below:

(i) For the six months ended 30 June 2013, the overall revenue generated from overseas projects amounted to approximately RMB1,160.7 million (30 June 2012: approximately RMB1,910.7 million), contributing to 24.5% of the revenue of the Group, and representing a decrease of about RMB750.0 million or 39.3% compared to the last corresponding period. For Middle East projects, decrease in revenue was due to the adjustment of marketing strategy made by the Company and for Australian projects, the decrease in revenue was due to the progress slowed down in the first half of 2013.

(ii) For the six months ended 30 June 2013, the overall revenue generated from PRC projects amounted to approximately RMB3,578.8 million (30 June 2012: approximately RMB3,302.8 million), contributing to 75.5% of the revenue of the Group, and representing an increase of about RMB276.0 million or 8.4% compared to the last corresponding period.

The reason was that the number, contract value and percentage of the newly awarded projects had all increased in the domestic market for the last couple of years. The revenue of Northeast China, Southern China and Eastern China regions increased as compared to the last corresponding period, which compensated the slight decrease of the Northern China region and the adverse effect from the decrease in revenue of the Western China region. Of which, in the Northeast China region, it benefited from the faster progress of the Shenyang projects of the National Games; in the Western region, there was more intense competition and strategic adjustments to the market, which led to a decrease in revenue.

Cost of sales

For the six months ended 30 June 2013, the Group's cost of sales was approximately RMB4,378.1 million (30 June 2012: approximately RMB4,231.7 million), representing an increase of about RMB146.4 million or 3.5% compared to the last corresponding period. The reasons for such increase are set out below:

(i) Affected by economic slowdown in the overseas market and tightening credit policy in the PRC, the actual construction period is longer than the contracted period, leading to a continuous increase in installation cost and on-site cost by approximately RMB203.3 million or 19.7% and RMB27.9 million or 12.9%, respectively;

(ii) As the Group enhanced the development and investment in new energy and technology of architectural energy-saving, the investment in R&D increased. R&D expenditure increased significantly as compared to the last corresponding period. The R&D expenditure increased by approximately RMB44.3 million or 35.8% compared to the last corresponding period.

(iii) Despite the fact that the cost of raw material and other cost in relation to manufacturing decreased to some extent, it was insufficient to offset the negative impact from the cost increase stated above.

Gross profit and gross profit margin

For the six months ended 30 June 2013, the Group's gross profit was RMB361.4 million (30 June 2012: RMB981.8 million), representing a decrease of RMB620.4 million or 63.2% compared to the last corresponding period. The reasons for such decrease are set out below:

1. For the six months ended 30 June 2013, the Group's domestic gross profit margin was 12.5% (30 June 2012: 19.9%), representing a decrease of about 7.4% compared to the last corresponding period. The reason are set out below:

    (i) affected by a tightening policy in the credit market in the PRC, the actual construction period is longer than the contracted period, at the same time, the hourly rate of installation labor continuously increased, which led to a continuous increase in installation cost and on-site cost of certain domestic projects. As a result, profit margin decreased in most of the regions in China, of which, the gross profit margin decreased the most in the Western and Eastern regions of China, by 20.9% and 17.7% respectively;

    (ii) certain domestic projects undertaken prior to 2011 (including 2011) by the Company were carrying a low profit margins and contributed a larger proportion of the revenue recognized in the first half of 2013 (about 72.1%);

    (iii) the overall profit margin of the newly awarded domestic projects in 2012 and 2013 improved, however, the projects undertaken in 2012 only contributed a small proportion of the recognized revenue of the first half of 2013 (about 27.0%), and the projects newly awarded in the first half of 2013 have barely commenced, and therefore yet to be recognized as revenue.

2. For the six months ended 30 June 2013, the Group's overseas gross profit margin was (7.4)% (30 June 2012: 16.9%), representing a decrease of about 24.3%. The reasons are set out below:

   (i) affected by a continuous slowdown in the global economy and the European debt crisis, the actual construction period is longer than the contract period, at the same time, the hourly rate of installation labor continuously increased, which led to a continuous increase in installation cost and on site cost on certain overseas projects;

   (ii) certain overseas projects undertaken prior to 2011 (including 2011) by the Company were carrying a low profit margin and contributed a larger proportion of the recognized revenue of the first half of 2013 (about 71.7%);

   (iii) the overall profit margin of the newly awarded overseas projects in 2012 and 2013 improved, however the projects undertaken in 2012 only contributed a small proportion of the recognized revenue of the first half of 2013 (about 27.7%) and the project newly awarded in 2013 have not commenced and therefore yet to be recognized as revenue.

Other revenue

For the six months ended 30 June 2013, the Group's other revenue was approximately RMB5.9 million (30 June 2012: approximately RMB4.1 million), representing an increase of about RMB1.8 million or 43.9% compared to the last corresponding period. This was mainly due to the increase in one-off government corporate subsidy of RMB1.9 million.

Other net income

Other net income primarily comprises net income from the sale of raw materials and income on disposal of land, property, plant and equipment.

For the six months ended 30 June 2013, the Group's other net income was approximately RMB2.0 million (30 June 2012: approximately RMB3.3 million), representing a decrease of about RMB1.3 million or 39.4% compared to the last corresponding period. This was mainly due to the decrease in the income on disposal of land, property, plant and equipment by the Company in the first half of 2013.

Selling expenses

For the six months ended 30 June 2013, the Group's selling expenses were approximately RMB91.4 million (30 June 2012: approximately RMB116.7 million), representing a decrease of about RMB25.3 million or 21.7% compared to the last corresponding period.

For the six months ended 30 June 2013, selling expenses accounted for 1.9% of the revenue (30 June 2012: 2.2%), which was similar to the last corresponding period.

Administrative expenses

For the six months ended 30 June 2013, the administrative expenses were approximately RMB516.1 million (30 June 2012: RMB502.5 million), representing an increase of about RMB13.6 million or 2.7% compared to the last corresponding period. Despite a decrease in staff's salary, benefits and among other general expenses, the overall administrative expenses still increased in the first half of 2013. Such increase was primarily due to 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 RMB20.7 million from RMB50.8 million in the first half of 2012 to RMB71.5 million in the first half of 2013. Most of the provisions of impairment losses were in relation to those completed projects.

For the six months ended 30 June 2013, administrative expenses accounted for 10.9% of the revenue (30 June 2012: 9.6%).

Finance costs

For the six months ended 30 June 2013, the finance costs were approximately RMB172.4 million (30 June 2012: RMB64.7 million), representing an increase of about RMB107.7 million or 166.5% compared to the last corresponding period. The main reasons are set out below:

1. For the six months ended 30 June 2013, the Group's net foreign exchange loss (after offsetting the gain from forward foreign exchange contracts) was RMB97.7 million, representing an increase of about RMB95.2 million or 3,808.0% compared to the last corresponding period, which was mainly due to a net loss for transactions in Australian dollars, GBP, USD, CHF and JPY, together with the appreciation of RMB against these currencies.

2. For the six months ended 30 June 2013, the Company's interest costs were RMB65.9 million (30 June 2012: RMB56.5 million), representing an increase of RMB9.4 million or 16.6% compared to the last corresponding period.

   Even though the Group's effective interest rate went down as compared to the last corresponding period, the Company's interest costs somewhat increased, it was mainly due to the increase of the Company's total bank loans. As at 30 June 2013, the Company's total bank loans amounted to approximately RMB2,772.0 million (30 June 2012: RMB1,952.0 million), representing an increase of RMB820.0 million or 42.0% compared to the last corresponding period. The main reasons are set out below:

   (i) despites of the gradual revival of the global, including domestic, construction markets, the developers remained conservative and cautious in the capital contribution for projects. There was no improvement in payment collection, including completed projects and projects under development, as compared with that of the same period of last year;

(ii) certain construction contracts required an advance payment for raw materials and progress payment, resulting in liquidity pressure;

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

For the six months ended 30 June 2013, finance costs accounted for 3.6% of the revenue of the Group (30 June 2012: 1.2%).

Income tax

For the six months ended 30 June 2013, the Group's income tax was income tax benefit of RMB75.2 million (30 June 2012: income tax expense of RMB56.1 million), representing a decrease of about RMB131.3 million or 234.0% compared to the last corresponding period. The main reason was that the Company's deferred income taxes benefits amounted to approximately RMB96.4 million (30 June 2012: approximately RMB15.7 million), representing an increase of RMB80.7 million or 514.0% compared to the last corresponding period.

Our effective tax rate decreased from 18.4% in the first half of 2012 to 18.3% in the first half of 2013.

Loss attributable to our equity shareholders

For the six months ended 30 June 2013, the loss attributable to equity shareholders of the Company was approximately RMB269.6 million (30 June 2012: a profit of approximately RMB262.4 million), representing a decrease of approximately RMB532.0 million, or 202.7% compared to the last corresponding period.

The basic and diluted losses per share were approximately RMB0.043 (30 June 2012: basic and diluted earnings per share of approximately RMB0.042), representing a decrease of about RMB0.085 or 202.4%.

Net current assets and financial resources

As at 30 June 2013, the Group's net current assets were approximately RMB2,297.1 million (31 December 2012: approximately RMB2,765.1 million).

As at 30 June 2013, the Group's cash and cash equivalents amounted to approximately RMB829.4 million (31 December 2012: approximately RMB2,132.3 million).

Bank loans and gearing ratio

As at 30 June 2013, the Group's total bank borrowings amounted to approximately RMB2,772.0 million (31 December 2012: RMB1,952.0 million), representing an increase of about RMB820.0 million or 42.0% compared to the last corresponding period.

The Group's gearing ratio (total loans divided by total equity) was 73.1% (31 December 2012: 46.5%). The increase was due to an increase in new bank borrowings of the Group in the first half of 2013.

Turnover days of receivables/trade and bills payables

Turnover days (days)	**For the first half of 2013**	For the year of 2012
Receivables [1*]	**248 days**	172 days
Trade and bills payables [2*]	**192 days**	163 days
Inventory [3*]	**40 days**	37 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 181 days or 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 181 days or 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 181 days or 365 days.

For the six months ended 30 June 2013, the receivables turnover days of the Company were about 248 days (31 December 2012: about 172 days), representing an increase of 76 days, which was mainly due to the fact that amidst the domestic credit and fiscal crunch, the developers got cautious in project investment, delayed in construction progress payment and examination of completed projects, or reduced and delayed the payment of materials reserved for the contract work, while 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 being advanced by the Group and a longer settlement period from the customers. At the same time, the cash collection for those completed projects remained slow.

For the six months ended 30 June 2013, the trade and bills payables turnover days of the Company were about 192 days (31 December 2012: 163 days), representing an increase of 29 days. As construction payment slowed down, the Group slowed its payments to suppliers.

As at 30 June 2013, the net operating cash flow was approximately RMB(1,773.4) million (30 June 2012: approximately RMB(1,122.2) million, representing a decrease of about RMB651.2 million compared to the first half of 2012.

Inventory turnover days

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

For the six months ended 30 June 2013, the Group's inventory turnover days were about 40 days (31 December 2012: about 37 days), which is similar compared to that of 2012.

Capital expenditure

For the six months ended 30 June 2013, the Group's capital expenditure amounted to RMB24.7 million (31 December 2012: RMB193.5 million), which was mainly related to the expenses incurred on acquiring land, construction of plant and purchase of equipment. With regards to the expansion of manufacturing capacity, the new Chengdu production base was completed, and already commenced operation.

The headquarters and production base for photovoltaic curtain wall of the new Chengdu production base is situated at K0+500, 4 Konggang Road at Southwest Airport Economic Development Zone Phase 6 in Shuang Liu country, Chengdu City, Sichuan province with a site area of approximately 100,000 square meters and a gross floor area of approximately 75,000 square meters, respectively. The maximum annual production capacity is approximately 2,500,000 square meters of curtain wall area, representing an increase of about 180%, and will provide the Group with the product capacity for future development.

Foreign exchange risk

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

To manage our foreign exchange risks, we will implement the following measures to hedge the risk of appreciation of the Renminbi against foreign currencies:

1. setting up functional department with dedicated staff responsible to conduct potential exchange loss assessment for each different projects with customized solutions during the bidding process;

2. carrying out a comprehensive foreign exchange hedging operation upon successful tendering, which includes:

    a) entering into forward foreign exchange contracts with reputable local and foreign banks; or using other hedging instruments such as options, non-RMB foreign exchange transaction, etc.

    b) various foreign exchange hedging operations were used in the first half of 2013 with the hedging income offsetting the exchange loss by approximately RMB24.6 million and the remaining amount of the net hedging assets was approximately RMB91.5 million as at 30 June 2013.

3. taking into account of signing trade credit insurance agreement with China Export & Credit Insurance Corporation in respect of inventory and new construction projects with an aim to early recover the trade credit and avoid exchange risk.

Contingent liabilities

The Company's contingent liabilities as at 30 June 2013 are set out in Note 11.

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 30 June 2013, an accumulated amount of approximately HK$1,732 million of proceeds from the global offering (of which expansion of production capacity: HK$289 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. The remaining proceeds of approximately HK$671 million will be used as stated in the Prospectus and the supplementary Prospectus of the Company.

Human resources

As at 30 June 2013, the Group had 12,279 full-time employees in total (31 December 2012: 12,532). The Group has sound policies of management incentives and competitive remuneration, which align with 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 to 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.

Purchase, Sale and Re-Purchase of Listed Securities of the Company

There was no purchase, sale and re-purchase of any listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 June 2013.

Review of interim results

The unaudited interim results of the Company for the six months ended 30 June 2013 have 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 pay an interim dividend for the six months ended 30 June 2013.

Corporate Governance

During the period from 1 January 2013 to 30 June 2013, the Company has applied the principles of and has complied with all code provisions of the Code on Corporate Governance Practices as set forth in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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 during the period from the listing date to 30 June 2013.

Appreciation

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, investors, partners and customers for their continued trust and support and all our management and staff members for their contribution and devotion. We are obliged and confident in prudently operating business, reversing the declining trend of the results under the adverse environment and covering the loss incurred in the first half of 2013 to deliver fruitful rewards to our shareholders and investors.

Publication of 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 2013 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
Kang Baohua
Chairman

Hong Kong, 27 August 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. Wang Lihui and Mr. Zhang Lei, and the independent non-executive directors are Mr. Poon Chiu Kwok, Mr. Woo Kar Tung, Raymond and Mr. Pang Chung Fai, Benny.