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CNYD

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 2015

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 (the "**Group**") for the six months ended 30 June 2015 (the "**Reporting Period**").

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Percentage increase/ (decrease)
Revenue *(RMB million)*	**3,809.5**	4,144.9	(8.1%)
Gross profit margin	**11.2%**	14.3%	(3.1%)
Loss attributable to equity shareholders of the Company *(RMB million)*	**(150.2)**	(133.2)	12.8%
Net cash used in operating activities *(RMB million)*	**(2,180.0)**	(1,916.2)	13.8%
Basic and diluted loss per share *(RMB cents)*	**(2.43)**	(2.15)	13.0%
Proposed interim dividend per share *(HKD cents)*	**NIL**	NIL	–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2015-unaudited
(Expressed in Renminbi ("RMB"))

		Six months ended 30 June	
	Note	**2015**	2014
		RMB'000	*RMB'000*
Revenue	*3*	**3,809,526**	4,144,907
Cost of sales		**(3,383,658)**	(3,553,837)
Gross profit	*3(a)*	**425,868**	591,070
Other income		**6,001**	6,407
Selling expenses		**(85,635)**	(70,722)
Administrative expenses		**(520,561)**	(535,826)
Loss from operations		**(174,327)**	(9,071)
Finance costs	*4(a)*	**(45,316)**	(91,210)
Loss before taxation	*4*	**(219,643)**	(100,281)
Income tax	*5*	**25,263**	(22,105)
Loss for the period		**(194,380)**	(122,386)
Attributable to:			
Equity shareholders of the Company		**(150,150)**	(133,227)
Non-controlling interests		**(44,230)**	10,841
Loss for the period		**(194,380)**	(122,386)
Loss per share (RMB cents)			
– Basic and diluted	*6*	**(2.43)**	(2.15)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2015-unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Loss for the period	**(194,380)**	(122,386)
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	**16,931**	(17,603)
– Cash flow hedge: net movement in the hedging reserve	**23,938**	(58,760)
Other comprehensive income for the period	**40,869**	(76,363)
Total comprehensive income for the period	**(153,511)**	(198,749)
Attributable to:		
Equity shareholders of the Company	**(106,173)**	(204,156)
Non-controlling interests	**(47,338)**	5,407
Total comprehensive income for the period	**(153,511)**	(198,749)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015-unaudited

(Expressed in RMB)

	Note	**At 30 June 2015** **RMB'000**	At 31 December 2014 *RMB'000*
Non-current assets			
Property, plant and equipment		**780,279**	794,582
Lease prepayments		**545,398**	551,708
Deferred tax assets		**314,199**	289,696
		1,639,876	1,635,986
Current assets			
Short-term investments		–	300,000
Inventories		**395,935**	446,061
Gross amount due from customers for contract work	*7*	**5,993,290**	5,933,550
Trade and bills receivables	*8*	**2,865,362**	2,864,965
Deposits, prepayments and other receivables		**722,983**	597,564
Cash and cash equivalents		**985,904**	2,662,517
		10,963,474	12,804,657
Current liabilities			
Trade and bills payables	*9*	**3,234,296**	4,663,206
Gross amount due to customers for contract work	*7*	**1,085,346**	1,365,694
Receipts in advance		**194,650**	119,776
Accrued expenses and other payables		**417,480**	803,748
Bank loans		**3,680,000**	3,320,000
Income tax payable		**187,487**	207,994
Provision for warranties		**35,554**	41,254
		8,834,813	10,521,672
Net current assets		**2,128,661**	2,282,985
Total assets less current liabilities		**3,768,537**	3,918,971

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 30 June 2015-unaudited
(Expressed in RMB)

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Non-current liabilities			
Bank loans		**465,832**	–
Deferred tax liabilities		**2,238**	2,067
Provision for warranties		**143,440**	128,630
		611,510	130,697
NET ASSETS		**3,157,027**	3,788,274
CAPITAL AND RESERVES	*10*		
Share capital		**519,723**	519,723
Reserves		**2,841,744**	3,425,653
Total equity attributable to equity shareholders of the Company		**3,361,467**	3,945,376
Non-controlling interests		**(204,440)**	(157,102)
TOTAL EQUITY		**3,157,027**	3,788,274

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(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, 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 31 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any 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 2014 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 2014 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2014 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 31 March 2015.

For the six months ended 30 June 2015, the Group had incurred net loss of RMB194,380,000 and net cash used in operating activities of RMB2,180,028,000. These condensed consolidated interim financial statements have been prepared on a going concern basis notwithstanding the net loss and net cash used in operating activities for the six months ended 30 June 2015 because the directors of the Company are of the opinion that based on a cash flow forecast of the Group for the twelve months ending 30 June 2016 prepared by the management, which takes into account the banking facilities of RMB300,000,000 not yet utilised as at the date of issue of this interim financial report, the Group would have adequate funds to meet its liabilities as and when they fall due at least twelve months from the end of the reporting period. Accordingly, the directors of the Company consider it is appropriate to prepare the condensed consolidated interim financial statements on a going concern basis.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group.

- *Annual Improvements to IFRSs 2010-2012 Cycle*
- *Annual Improvements to IFRSs 2011-2013 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 SEGMENT REPORTING

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

- Northeast China: comprises construction contracts carried out in the northeastern region of the People's Republic of China (the "PRC"), which includes Liaoning, Jilin, Heilongjiang, Shandong, Henan and Inner Mongolia provinces and autonomous region.
- North China: comprises construction contracts carried out in the northern region of the PRC, which includes Hebei and Shanxi provinces, Beijing and Tianjin.
- East China: comprises construction contracts carried out in the eastern region of the PRC, which includes Jiangsu, Zhejiang, Anhui and Jiangxi provinces, and Shanghai.
- West China: comprises construction contracts carried out in the western and northwestern regions of the PRC, which include Sichuan, Yunnan, Guizhou, Hubei, Shaanxi, Ningxia, Gansu, Qinghai and Xinjiang provinces and autonomous regions, and Chongqing.
- South China: comprises construction contracts carried out in the southern region of the PRC, which includes Guangdong, Hunan, Fujian, Hainan and Guangxi provinces and autonomous region.
- Overseas: comprises construction contracts carried out outside of the PRC.

(a) Segment results, assets and liabilities

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

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

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. No significant inter-segment sales have occurred for the six months ended 30 June 2015 and 2014. The Group's other operating expenses, such as selling and administrative expenses and finance costs, are not measured under individual segments. The measure used for reporting segment result is gross profit.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2015 and 2014 is set out below.

	Six months ended 30 June 2015						
	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	**520,732**	**555,770**	**771,228**	**210,591**	**569,099**	**1,182,106**	**3,809,526**
Reportable segment gross profit	**70,153**	**92,517**	**90,407**	**34,316**	**47,753**	**90,722**	**425,868**

	At 30 June 2015						
	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	**2,093,786**	**1,515,740**	**2,224,291**	**1,045,942**	**1,440,085**	**2,273,410**	**10,593,254**
Reportable segment liabilities	**875,304**	**816,832**	**1,180,480**	**395,207**	**688,195**	**1,498,975**	**5,454,993**

	Six months ended 30 June 2014						
	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	723,301	752,028	966,878	276,568	448,403	977,729	4,144,907
Reportable segment gross profit	118,657	127,656	144,282	10,235	62,666	127,574	591,070

	At 31 December 2014						
	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	2,606,066	1,703,618	2,402,532	1,136,041	1,414,563	2,452,838	11,715,658
Reportable segment liabilities	1,279,805	1,054,713	1,739,490	611,288	858,416	1,691,799	7,235,511

(b) Reconciliations of reportable segment assets and liabilities

	At 30 June 2015	At 31 December 2014
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**10,593,254**	11,715,658
Property, plant and equipment	**780,279**	794,582
Lease prepayments	**545,398**	551,708
Deferred tax assets	**314,199**	289,696
Unallocated head office and corporate assets	**927,067**	1,545,675
Elimination of receivables between segments, and segments and head office	**(556,847)**	(456,676)
Consolidated total assets	**12,603,350**	14,440,643
Liabilities		
Reportable segment liabilities	**5,454,993**	7,235,511
Bank loans	**4,145,832**	3,320,000
Income tax payable	**187,487**	207,994
Deferred tax liabilities	**2,238**	2,067
Unallocated head office and corporate liabilities	**212,620**	343,473
Elimination of payables between segments, and segments and head office	**(556,847)**	(456,676)
Consolidated total liabilities	**9,446,323**	10,652,369

4 LOSS BEFORE TAXATION

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

(a) Finance costs:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Interest on borrowings	**102,525**	93,158
Bank charges and other finance costs	**15,481**	16,539
Total borrowing costs	**118,006**	109,697
Interest income	**(7,910)**	(8,599)
Net foreign exchange loss/(gain)	**7,463**	(53,054)
Forward foreign exchange contracts: cash flow hedges, reclassified from equity	**(72,243)**	43,166
	45,316	91,210

(b) Staff costs:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**378,683**	412,222
Contributions to defined contribution retirement plans	**50,579**	39,625
Equity-settled share-based payment expenses in respect of share award scheme *(Note 10(b))*	**14,705**	15,277
	443,967	467,124

(c) Other items:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Depreciation and amortisation	**30,669**	34,197
Net loss/(gain) on disposal of property, plant and equipment	**133**	(2,569)
Impairment losses on trade and other receivables	**136,988**	105,667
Operating lease charges in respect of land, plant and buildings, motor vehicles and other equipment	**25,137**	26,638
Research and development costs	**71,082**	90,920
Increase in provision for warranties	**57,017**	37,115
Cost of inventories	**3,383,658**	3,553,837

5 INCOME TAX

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Current taxation:		
– PRC Corporate Income Tax	**3,004**	44,435
– Overseas income tax	**2,062**	9,332
	5,066	53,767
Deferred taxation:		
– Origination and reversal of temporary differences	**(30,329)**	(31,662)
	(25,263)	22,105

The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 30 June 2015 (six months ended 30 June 2014: 16.5%). No provision for Hong Kong Profits Tax has been made, as the Company and the subsidiaries of the Group incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2015 (six months ended 30 June 2014: 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 2015 (six months ended 30 June 2014: 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 2014 to 2016 in October 2014 and therefore enjoys a preferential PRC Corporate Income Tax rate of 15%. For the six months ended 30 June 2015, the PRC Corporate Income Tax of this subsidiary was calculated at a rate of 15%, whereas it was calculated at a rate of 25% for the six months ended 30 June 2014.

The subsidiaries of the Group incorporated in countries other than the PRC (including Hong Kong), the Cayman Islands and the British Virgin Islands, are subject to income tax rates ranging from 8.5% to 35% for the six months ended 30 June 2015 pursuant to the rules and regulations of their respective countries of incorporation (six months ended 30 June 2014: 8.5% to 34%).

6 BASIC AND DILUTED LOSS PER SHARE

(a) Basic loss per share

The basic loss per share for the six months ended 30 June 2015 is calculated based on the loss attributable to equity shareholders of the Company of RMB150,150,000 (six months ended 30 June 2014: RMB133,227,000) and the weighted average of 6,188,947,000 ordinary shares (six months ended 30 June 2014: 6,182,662,000 ordinary shares) in issue during the interim period, calculated as follows:

	Six months ended 30 June	
	2015	2014
	'000	*'000*
Issued ordinary shares at 1 January	**6,188,520**	6,178,734
Effect of shares purchased and vested under a share award scheme *(Note 10(b))*	**427**	3,928
Weighted average number of ordinary shares at 30 June	**6,188,947**	6,182,662

(b) Diluted loss per share

There were no dilutive potential shares outstanding during the six months ended 30 June 2015 and 2014.

7 GROSS AMOUNT DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	At 30 June	At 31 December
	2015	2014
	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	**43,829,657**	41,387,301
Less: progress billings	**(38,921,713)**	(36,819,445)
	4,907,944	4,567,856
Gross amount due from customers for contract work	**5,993,290**	5,933,550
Gross amount due to customers for contract work	**(1,085,346)**	(1,365,694)
	4,907,944	4,567,856

8 TRADE AND BILLS RECEIVABLES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Trade receivables for contract work due from:		
– Third parties	**3,161,144**	2,990,433
– Affiliates of the Controlling Shareholder	**130,903**	136,875
	3,292,047	3,127,308
Bills receivables for contract work	**158,188**	192,560
Trade receivables for sale of raw materials due from:		
– Third parties	**1,702**	1,327
– Affiliates of the Controlling Shareholder	**1,735**	1,611
	3,437	2,938
	3,453,672	3,322,806
Less: allowance for doubtful debts	**(588,310)**	(457,841)
	2,865,362	2,864,965

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

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 6 months	**884,459**	1,168,520
More than 6 months but less than 1 year	**536,646**	283,127
More than 1 year	**1,444,257**	1,413,318
	2,865,362	2,864,965

9 TRADE AND BILLS PAYABLES

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Trade payables for purchase of inventories due to:		
– Third parties	**2,077,267**	2,619,230
– Affiliates of the Controlling Shareholder	**2,639**	1,497
	2,079,906	2,620,727
Trade payables due to sub-contractors	**424,769**	765,259
Bills payables	**729,621**	1,277,220
Financial liabilities measured at amortised cost	**3,234,296**	4,663,206

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 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Due within 1 month or on demand	**2,590,905**	3,594,756
Due after 1 month but within 3 months	**337,520**	312,885
Due after 3 months	**305,871**	755,565
	3,234,296	4,663,206

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 2015 (six months ended 30 June 2014: 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	
	2015	2014
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved during the following interim period, of HK$0.10 per ordinary share (six months ended 30 June 2014: HK$0.08 per ordinary share)	**489,788**	390,519

(b) Share award scheme

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

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

	Six months ended 30 June 2015			Year ended 31 December 2014		
	Average purchase price	**No. of shares held**	**Value**	Average purchase price	No. of shares held	Value
	HK$	***'000***	***RMB'000***	*HK$*	*'000*	*RMB'000*
At 1 January		**20,214**	**9,270**		30,000	15,353
Shares purchased during the period/year	**0.45**	**7,380**	**2,653**	0.57	17,304	7,781
Shares granted and vested during the period/year		**(27,007)**	**(11,713)**		(27,090)	(13,864)
At 30 June/31 December		**587**	**210**		20,214	9,270

On 5 May 2015, 27,006,598 ordinary shares held under the Share Award Scheme were awarded to certain employees of the Group with a fair value per share of HK$0.69 (equivalent to approximately RMB0.54 per share). The fair value of the awarded shares is determined by reference to the closing price of the Company's ordinary shares on 5 May 2015. These awarded shares were vested on 14 May 2015.

11 CONTINGENT LIABILITIES

(a) Guarantees issued

At 30 June 2015, the Group has issued the following guarantees:

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Guarantees for construction contracts' bidding, performance and retentions	**2,458,679**	2,676,717

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 RMB135.3 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 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 RMB226.5 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 addition to the lawsuits mentioned in Notes 11(b)(i) to 11(b)(ii), 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 RMB11.1 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.

12 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation, where caption items "other revenue" and "other net income" are included under "other income", and the change in the banding of the ageing analysis of trade and bills receivables set out in Note 8.

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 users of the Group's 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 and art centers, stadiums, exhibition halls, airports, train stations, hospitals and universities.

The Company believes that it is one of the world leading curtain wall providers with a comprehensive product portfolio. The Group's integrated elements of new materials, new technology, alternative energy, environmental protection and energy conservation into curtain wall products through much sophisticated research and development ("**R&D**"), design, production and installation works to further develop different types of curtain wall products and be committed to realizing the idea of "Low carbon, Function, Safety" in curtain wall products. Such products include double-skin, photovoltaic, ecologically friendly, video and membrane structure types of curtain walls. The Group also provides ancillary products relate 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 aluminium alloy doors and windows.

For the six months ended 30 June 2015, the loss attributable to equity shareholders of the Company was approximately RMB150.2 million (30 June 2014: a loss of approximately RMB133.2 million), representing an increase of loss of about RMB17.0 million, or approximately 12.8% as compared to the corresponding period of 2014, which was mainly due to: 1) the significant investment decline in real estate sector which was affected by global macroeconomic downturn; and 2) the slowdown of billing which has been affected by the tightening policy of domestic credit market.

Newly-awarded Projects (excluding VAT)

	For the first half of 2015		For the first half of 2014	
	Number of projects	***RMB million***	Number of projects	*RMB million*
Domestic	**49**	**2,883.8**	69	3,827.4
Overseas	**10**	**783.2**	13	1,703.3
Total	**59**	**3,667.0**	82	5,530.7

During the first half of 2015, the Group was awarded with 59 new projects with an aggregate amount of approximately RMB3,667.0 million, representing a decline of approximately RMB1,863.7 million or approximately 33.7% as compared to the corresponding period of 2014. The main reason for the decrease was due to the significant investment decline in real estate sector which was affected by global macroeconomic downturn.

Details of the certain landmark projects obtained by the Group in first half of 2015 are as follows:

Domestic:

Project name	**Category of project utilization**	**Approximately contract value**
Shanghai International Financial Center	Financial Center	RMB223.0 million
Tianjin Chow Tai Fook Building	Headquarters Building	RMB194.5 million
Shenzhen Shuibei Jewelry Building	Headquarters Building	RMB132.4 million
Guangzhou Baiyun Airport	Governmental Authority	RMB116.3 million
Hangzhou Yuanyang Office Building	Headquarters Building	RMB99.9 million
Guangzhou Guang Fa Securities Office Building	Headquarters Building	RMB98.3 million
Shenzhen Metro Office Building	Governmental Authority	RMB86.8 million

Overseas:

Project name	**Category of project utilization**	**Approximately contract value**
Menara astra, Indonesian	Headquarters Building	RMB193.9 million
German embassy, Vietnam	Governmental Authority	RMB102.4 million
Capital plaza, Australia	Governmental Authority	RMB101.8 million

Backlog

	As at 30 June 2015		As at 30 June 2014	
	Number of projects	***RMB million***	Number of projects	*RMB million*
Domestic	**386**	**13,315.7**	385	13,597.2
Overseas	**89**	**7,137.3**	89	7,240.8
Total	**475**	**20,453.0**	474	20,838.0

As at 30 June 2015, the remaining value of backlog amounted to approximately RMB20,453.0 million (30 June 2014: approximately RMB20,838.0 million), which could secure a sustainable development of the Group.

Major technology achievements and awards

The Group adopts the strategy of "energy saving, information technology, intelligent, new technology, new materials" as its future technical development direction, and pioneers the development trend of the industry based on its technical expertise and extensive research and development experience.

During the first half of 2015, the Group obtained 25 patents, including 23 patents for invention and 2 patents for utility models. The accumulated number of patents owned by the Group was 941 as at 30 June 2015.

BUSINESS PROSPECTS

During the first half of 2015, since the global macroeconomic growth rate has been constantly decreasing, the investment growth rate in real estate sector declined as well, which causes a great adverse impact to the Group's business. The Company will keep improving its internal control level, and implementing an effective risk management.

The Group will also continue to develop its main operating business of curtain wall at a steady pace, while at the same time, start to seek out investment opportunity in new business. Along with the "one belt on road" economic cooperation among China and other countries in Asia and the Pacific rim, there will be plenty of infrastructure construction demands and other investment opportunity, the Group will participate with its own advantage of global network. In the future, the Group will continuously try to improve its profitability level, and be dedicated to create a greater value for equity shareholders of the Company.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2015, the Group's revenue was approximately RMB3,809.5 million (30 June 2014: approximately RMB4,144.9 million), representing a decrease of about RMB335.4 million or approximately 8.1% as compared to the corresponding period of last year. The main reason for the decrease was due to the slow global economic recovery and tightening of domestic credit market, the construction progress of certain projects of the Group remained slow which led to a decrease in revenue as compared to the last corresponding period. Among which:

Domestic:

The overall revenue generated from domestic projects decreased by approximately RMB539.8 million or approximately 17.0% to RMB2,627.4 million (30 June 2014: approximately RMB3,167.2 million), contributing to 69.0% of the revenue of the Group.

Overseas:

The overall revenue generated from overseas projects increased by approximately RMB204.4 million or approximately 20.9% to RMB1,182.1 million (30 June 2014: approximately RMB977.7 million), contributing to 31.0% of the revenue of the Group.

Cost of sales

For the six months ended 30 June 2015, the Group's cost of sales was approximately RMB3,383.7 million (30 June 2014: approximately RMB3,553.8 million), representing a decrease of about RMB170.1 million or approximately 4.8% as compared to the corresponding period of last year, which was mainly due to the decrease in cost of raw materials as a result of the decrease of revenue.

Gross profit and gross profit margin

For the six months ended 30 June 2015, the Group's gross profit was approximately RMB425.9 million (30 June 2014: RMB591.1 million), representing a decrease of about RMB165.2 million or approximately 27.9% as compared to the last corresponding period. The gross profit margin decreased by approximately 3.1% to approximately 11.2% (30 June 2014: 14.3%). Among which:

1. For the six months ended 30 June 2015, the Group's domestic gross profit margin decreased by approximately 1.8% to approximately 12.8% (30 June 2014: 14.6%).

2. For the six months ended 30 June 2015, the Group's overseas gross profit margin decreased by approximately 5.3% to approximately 7.7% (30 June 2014: 13.0%).

This was mainly due to the increase of costs ratio of installation, on-site, labor, and transportation over revenue as a result of the delayed progress of certain projects which was affected by the investment decline in real estate sector which was affected by global macroeconomic downturn and the tightening of credit market.

Other income

Other income of the Group primarily comprises of government grants, rental income from operating leases, net income from provision of repairs and maintenance services and net gain or loss on disposal of property, plant and equipment.

For the six months ended 30 June 2015, the Group's other income amounted to approximately RMB6.0 million (30 June 2014: approximately RMB6.4 million), representing a decrease by approximately RMB0.4 million or 6.3% as compared to the last corresponding period.

Selling expenses

For the six months ended 30 June 2015, the selling expenses were approximately RMB85.6 million (30 June 2014: RMB70.7 million), representing an increase of about RMB14.9 million or approximately 21.1% compared to the last corresponding period. The main reason was due to the increase of travelling expenses driven by increased activity of marketing exploitation.

For the six months ended 30 June 2015, selling expenses accounted for approximately 2.2% of the revenue (30 June 2014: 1.7%).

Administrative expenses

For the six months ended 30 June 2015, the administrative expenses were approximately RMB520.6 million (30 June 2014: approximately RMB535.8 million), representing a decrease of RMB15.2 million or approximately 2.8% as compared to the last corresponding period. Among which:

1. For the six months ended 30 June 2015, the staff cost was approximately RMB278.6 million (30 June 2014: RMB312.2 million), representing a decrease of about RMB33.6 million or approximately 10.8% compared to the last corresponding period, mainly due to the Group's cost control;

2. For the six months ended 30 June 2015, the Group adhered to a principle of prudent operation and hence provision of bad debts in the first half of 2015 was 137.0 million (30 June 2014: RMB105.7 million), representing an increase of about RMB31.3 million or approximately 29.6% as compared to the last corresponding period.

For the six months ended 30 June 2015, administrative expenses accounted for 13.7% of the Group revenue (30 June 2014: 12.9%).

Finance costs

For the six months ended 30 June 2015, the finance costs were approximately RMB45.3 million (30 June 2014: approximately RMB91.2 million), representing a decrease of RMB45.9 million or approximately 50.3% as compared to the last corresponding period, which was due to increase of the net foreign exchange gain. Among which,

1. For the six months ended 30 June 2015, the Group's interest expenses were RMB102.5 million (30 June 2014: approximately RMB93.2 million), representing an increase of RMB9.3 million or approximately 10.0% as compared to the last corresponding period which was mainly due to the increase of average total bank borrowings of the Group.

2. For the six months ended 30 June 2015, the Group's net foreign exchange gain (after offsetting the gain from forward foreign exchange contracts) increased by RMB54.9 million or 554.5% to approximately RMB64.8 million (30 June 2014: net gain of approximately RMB9.9 million), which was mainly due to the depreciation of AUD, EURO and SGD led to significant gain from forward foreign exchange contracts.

For the six months ended 30 June 2015, finance costs accounted for 1.2% of the revenue of the Group (30 June 2014: 2.2%).

Income tax

For the six months ended 30 June 2015, the Group's income tax net gain was approximately RMB25.3 million (30 June 2014: an income tax expense of approximately RMB22.1 million). The main reason was the significant decrease in the Corporate Income Tax of subsidiaries of the Group established in the PRC.

Net loss

For the six months ended 30 June 2015, the net loss of the Group increased by approximately RMB72.0 million or 58.8% as compared to the last corresponding period to approximately RMB194.4 million (30 June 2014: a loss of approximately RMB122.4 million).

Loss attributable to equity shareholders of the Company

For the six months ended 30 June 2015, the loss attributable to equity shareholders of the Company was approximately RMB150.2 million (30 June 2014: approximately RMB133.2 million), representing an increase of approximately RMB17.0 million, or approximately 12.8% as compared to the last corresponding period.

The basic and diluted loss per share were approximately RMB2.43 cents (30 June 2014: approximately RMB2.15 cents), representing a decrease of about RMB0.28 cents or approximately 13.0% compared to the last corresponding period.

Net current assets and financial resources

As at 30 June 2015, the Group's net current assets were approximately RMB2,128.7 million (31 December 2014: approximately RMB2,283.0 million).

As at 30 June 2015, the Group's cash at bank and on hand amounted to approximately RMB985.9 million (31 December 2014: approximately RMB2,662.5 million).

Bank loans and gearing ratio

As at 30 June 2015, the Group's total bank borrowings amounted to approximately RMB4,145.8 million (31 December 2014: approximately RMB3,320.0 million), representing an increase of about RMB825.8 million or approximately 24.9% as compared to the last corresponding period.

The Group's asset-liability ratio (total liabilities divided by total assets) was 75.0% (31 December 2014: 73.8%).

Turnover days of receivables/trade and bills payables/inventory

Turnover days (days)	**For the six months ended 30 June 2015**	For the year ended 31 December 2014
Receivables [1*]	**361 days**	257 days
Trade and bills payables [2*]	**276 days**	253 days
Inventory [3*]	**47 days**	37 days

1* The calculation of the receivables turnover days is based on the average amount of trade and bills receivables 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 net of provision) as at the beginning and ending of the relevant period divided by total revenue of the relevant period and multiplied by 181 days or 365 days.

2* The calculation of trade and bills payables turnover days is based on the average amount of trade and bills payables as at the beginning and ending of the relevant period divided by cost of raw materials and installation cost of the relevant period and multiplied by 181 days or 365 days.

3* The calculation of inventory turnover days is based on the average amount of inventory net of provision as at the beginning and ending of the relevant period divided by cost of raw materials of the relevant period and multiplied by 181 days or 365 days.

For the six months ended 30 June 2015, the receivables turnover days were about 361 days (31 December 2014: about 257 days), representing an increase of 104 days, which was mainly due to the fact that amidst the credit crunch of the financial market, payment schedule of owners was delayed.

For the six months ended 30 June 2015, the trade and bills payables turnover days were about 276 days (31 December 2014: 253 days), representing an increase of 23 days. The increase in turnover days was as a result of a slow down in collection of receivables, upon which the Group delayed its payments to suppliers.

For the six months ended 30 June 2015, the net cash used in operating activities was approximately RMB2,180.0 million (30 June 2014: approximately RMB1,916.2 million), representing an increase of about RMB263.8 million as compared to the last corresponding period.

Inventory turnover days

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

As at 30 June 2015, the Group's inventory amounted to approximately RMB395.9 million (31 December 2014: approximately 446.1 million). During the Reporting Period, the inventory turnover days were about 47 days (31 December 2014: about 37 days), representing an increase of 10 days, which was mainly due to the slow global economic recovery and tightening of credit market, the construction progress of certain projects remained slow.

Capital expenditure

For the six months ended 30 June 2015, the Group's payments for capital expenditure amounted to RMB11.0 million (31 December 2014: RMB47.7 million).

Foreign exchange risk

The overseas projects of the Group were mainly dominated in USD, EURO, GBP, AUD, SGD and Swiss Francs. To manage foreign exchange risks, the Group entered into forward foreign exchange contracts with well-established banks to hedge its foreign exchange risks.

Contingent liabilities

The Company's contingent liabilities as at 30 June 2015 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 (collectively, the "Prospectuses"), 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 2015, an accumulated amount of approximately HK$1,841 million of proceeds from the global offering were utilized as follows:

	HK$' million
Expansion of production capacity	**398**
Repayment of bank loans (mainly comprised of the bridge loan of Standard Chartered Bank)	**962**
Expenses in research and development	**261**
Expansion in its sales and marketing network	**220**
	1,841

The remaining proceeds of approximately HK$562 million will be used in accordance to the intended use of proceeds.

Human resources

As at 30 June 2015, the Group had 8,522 full-time employees in total (31 December 2014: 9,445). 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 creates 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 Redeem of Listed Securities of the Company

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased or sold any of the listed securities of the Company, except that the trustee of the share award scheme adopted by the Board on 10 April 2013, pursuant to the terms of the rules and trust deed of such scheme, purchased on the Stock Exchange a total of 7,380,000 shares of the Company during the Reporting Period.

Review of interim financial report

The unaudited interim results of the Company for the six months ended 30 June 2015 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 of the Company 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 2015 (30 June 2014: Nil).

Corporate Governance

The Company has adopted the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") as its own code on corporate governance and had, during the six months ended 30 June 2015, complied with all code provisions under the Corporate Governance Code.

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 as the guidelines for the transactions of the directors' dealings in Company's securities. The Company has made specific enquiry to all directors of the Company and all the directors of the Company have confirmed their compliance with the required standards set out in the Model Code during the period ended 30 June 2015.

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 to deliver fruitful rewards to our shareholders and investors in 2015.

Publication of Interim Results and Interim Report

This interim results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.yuandacn.com). The interim report of the Company for the six months ended 30 June 2015 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, 31 August 2015

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.