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Yuanda China Holdings Limited
遠大中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2789)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The board (the "**Board**") of directors (the "**Directors**") of Yuanda China Holdings Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2016 (the "**Reporting Period**"), together with comparative figures for the year ended 31 December 2015.

FINANCIAL HIGHLIGHTS

	2016 (Approximately)	2015 (Approximately)	Percentage Change (Approximately)
Revenue *(RMB' million)*	**7,324.4**	8,594.4	(14.8%)
Gross profit margin	**17.6%**	10.6%	7.0%
Consolidated net profit/(loss) *(RMB' million)*	**76.6**	(167.7)	(>100.0%)
Profit/(loss) attributable to equity shareholders of the Company *(RMB' million)*	**87.0**	(192.3)	(>100.0%)
Net cash generated from operating activities *(RMB' million)*	**72.2**	15.3	>100.0%
Basic and diluted earnings/(loss) per share *(RMB cents)*	**1.40**	(3.10)	(>100.0%)
Proposed final dividend per share *(HKD cents)*	**0.0**	0.0	0.0%

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2016
(Expressed in Renminbi ("RMB"))

	Note	2016	2015
		RMB'000	*RMB'000*
Revenue	*5*	**7,324,415**	8,594,364
Cost of sales		**(6,032,376)**	(7,681,718)
Gross profit	*5(b)*	**1,292,039**	912,646
Other income	*6*	**114,467**	166,218
Selling expenses		**(121,358)**	(170,640)
Administrative expenses		**(1,111,508)**	(1,076,619)
Profit/(loss) from operations		**173,640**	(168,395)
Finance costs	*7(a)*	**(86,446)**	1,107
Profit/(loss) before taxation	*7*	**87,194**	(167,288)
Income tax	*8*	**(10,577)**	(443)
Profit/(loss) for the year		**76,617**	(167,731)
Attributable to:			
Equity shareholders of the Company		**87,039**	(192,257)
Non-controlling interests		**(10,422)**	24,526
Profit/(loss) for the year		**76,617**	(167,731)
Earnings/(loss) per share (RMB cents)			
– Basic and diluted	*9*	**1.40**	(3.10)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016
(Expressed in RMB)

	2016	2015
	RMB'000	*RMB'000*
Profit/(loss) for the year	**76,617**	(167,731)
Other comprehensive income for the year (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
–Exchange differences on translation into presentation currency	**(131,567)**	(71,115)
–Cash flow hedge: net movement in the hedging reserve	**19,544**	(28,633)
Other comprehensive income for the year	**(112,023)**	(99,748)
Total comprehensive income for the year	**(35,406)**	(267,479)
Attributable to:		
Equity shareholders of the Company	**(24,324)**	(289,876)
Non-controlling interests	**(11,082)**	22,397
Total comprehensive income for the year	**(35,406)**	(267,479)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

(Expressed in RMB)

	Note	2016	2015
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**695,726**	749,165
Lease prepayments		**623,646**	638,126
Deferred tax assets		**396,655**	340,992
		1,716,027	1,728,283
Current assets			
Inventories		**357,938**	432,960
Gross amount due from customers for contract work	*10*	**4,998,142**	5,738,168
Trade and bills receivables	*11*	**3,109,682**	2,812,661
Deposits, prepayments and other receivables		**635,270**	619,922
Cash and cash equivalents		**2,362,694**	3,006,827
		11,463,726	12,610,538
Current liabilities			
Trade and bills payables	*12*	**4,080,981**	4,258,978
Gross amount due to customers for contract work	*10*	**1,289,660**	1,560,772
Receipts in advance		**19,444**	82,059
Accrued expenses and other payables		**738,973**	880,955
Bank loans		**3,560,000**	3,757,104
Income tax payable		**205,086**	229,214
Provision for warranties		**42,671**	48,222
		9,936,815	10,817,304
Net current assets		**1,526,911**	1,793,234
Total assets less current liabilities		**3,242,938**	3,521,517

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2016

(Expressed in RMB)

	2016	2015
	RMB'000	*RMB'000*
Non-current liabilities		
Bank loans	–	300,000
Deferred tax liabilities	**4,527**	3,401
Provision for warranties	**230,758**	175,057
	235,285	478,458
NET ASSETS	**3,007,653**	3,043,059
CAPITAL AND RESERVES		
Share capital	**519,723**	519,723
Reserves	**2,633,717**	2,658,041
Total equity attributable to equity shareholders of the Company	**3,153,440**	3,177,764
Non-controlling interests	**(145,787)**	(134,705)
TOTAL EQUITY	**3,007,653**	3,043,059

NOTES

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

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

2 STATEMENT OF COMPLIANCE

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

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

3 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2016 comprise the Group.

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

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

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

4 CHANGES IN ACCOUNTING POLICIES

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

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

5 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

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

The Group's customer base is diversified. There was no customer with transactions that exceeded 10% of the Group's revenue for the years ended 31 December 2016 and 2015.

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

(b) Segment reporting

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

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

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

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

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

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

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

(i) Segment results, assets and liabilities

For the 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 years ended 31 December 2016 and 2015. 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 years ended 31 December 2016 and 2015 is set out below.

				2016			
	Northeast China	**North China**	**East China**	**West China**	**South China**	**Overseas**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Revenue from external customers and reportable segment revenue	**665,406**	**855,935**	**1,687,864**	**680,003**	**675,054**	**2,760,153**	**7,324,415**
Reportable segment gross profit	**174,905**	**206,935**	**334,088**	**68,125**	**80,594**	**427,392**	**1,292,039**
Reportable segment assets	**2,214,231**	**1,398,934**	**2,308,758**	**1,071,074**	**1,186,814**	**2,380,749**	**10,560,560**
Reportable segment liabilities	**1,264,070**	**710,135**	**1,593,547**	**545,086**	**556,605**	**2,094,007**	**6,763,450**

				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	1,364,534	1,028,048	1,865,454	691,935	1,151,640	2,492,753	8,594,364
Reportable segment gross profit	188,687	179,977	258,941	108,238	72,851	103,952	912,646
Reportable segment assets	2,640,639	1,544,220	2,350,813	1,088,063	1,484,267	2,416,522	11,524,524
Reportable segment liabilities	1,361,342	946,661	1,773,041	543,555	829,849	1,893,313	7,347,761

(ii) Reconciliations of reportable segment assets and liabilities

	2016	2015
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**10,560,560**	11,524,524
Property, plant and equipment	**695,726**	749,165
Lease prepayments	**623,646**	638,126
Deferred tax assets	**396,655**	340,992
Unallocated head office and corporate assets	**1,445,893**	1,621,253
Elimination of receivables between segments, and segments and head office	**(542,727)**	(535,239)
Consolidated total assets	**13,179,753**	14,338,821
Liabilities		
Reportable segment liabilities	**6,763,450**	7,347,761
Bank loans	**3,560,000**	4,057,104
Income tax payable	**205,086**	229,214
Deferred tax liabilities	**4,527**	3,401
Unallocated head office and corporate liabilities	**181,764**	193,521
Elimination of payables between segments, and segments and head office	**(542,727)**	(535,239)
Consolidated total liabilities	**10,172,100**	11,295,762

(iii) Geographic information

The following tables set out information about the geographical location of the Group's (i) revenue from external customers and (ii) property, plant and equipment and lease prepayments (the "specified non-current assets"). The geographical location of customers is based on the location at which the construction contracts are carried out. The geographical location of the specified non-current assets is determined based on the physical location of the assets. For overseas construction contracts, the Group further divided the customers based on regions, where each country within the region shares similar characteristics as to the depth of the Group's penetration in the market and industry practices.

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

	2016	2015
	RMB'000	*RMB'000*
The PRC (excluding Hong Kong and Macau) (Place of domicile)	**4,564,262**	6,101,611
Europe region	**628,619**	663,171
Australia region	**688,485**	885,627
East Asia region	**936,148**	307,112
Middle East region	**206,066**	205,484
Americas region	**278,760**	391,870
Others	**22,075**	39,489
	7,324,415	8,594,364

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

	2016	2015
	RMB'000	*RMB'000*
The PRC (excluding Hong Kong and Macau) (Place of domicile)	**1,302,537**	1,371,422
Overseas	**16,835**	15,869
	1,319,372	1,387,291

6 OTHER INCOME

	2016	2015
	RMB'000	*RMB'000*
Government grants	**33,960**	27,583
Rental income from operating leases	**2,487**	3,053
Net income from provision of repairs and maintenance services	**1,858**	3,424
Net gain from sale of raw materials	**80**	519
Net gain on disposal of property, plant and equipment and land use rights *(Note (i))*	**76,082**	131,639
	114,467	166,218

Note:

(i) The amounts for the year ended 31 December 2016 mainly represented (i) net gain of RMB30.3 million for relocation of property, plant and equipment of a PRC subsidiary of the Group; (ii) a supplemental compensation of RMB44.4 million received by the Group in relation to tax paid for disposal of land use rights by a PRC subsidiary in 2015.

7 PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs:

	2016	2015
	RMB'000	*RMB'000*
Interest on borrowings	**172,376**	203,329
Bank charges and other finance costs	**30,511**	34,747
Total borrowing costs	**202,887**	238,076
Interest income	**(10,920)**	(12,576)
Net foreign exchange gain	**(144,186)**	(143,983)
Net loss/(gain) on forward foreign exchange contracts:		
– net loss on cash flow hedging instruments reclassified from equity	**8,042**	51
– net loss/(gain) on other forward foreign exchange contracts	**30,623**	(82,675)
	86,446	(1,107)

No borrowing costs have been capitalised for the year ended 31 December 2016 (2015: RMBNil).

(b) Staff costs#:

	2016	2015
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**795,972**	917,135
Contributions to defined contribution retirement plans	**98,996**	104,367
Equity-settled share-based payment expenses in respect of share award scheme *(Note 13)*	**–**	14,705
	894,968	1,036,207

(c) Other items:

	2016	2015
	RMB'000	*RMB'000*
Depreciation and amortisation#	**62,547**	63,977
Impairment losses on trade and other receivables	**348,542**	209,108
Operating lease charges in respect of land, plant and buildings, motor vehicles and other equipment#	**33,180**	57,337
Auditors' remuneration:		
– statutory audit services	**7,500**	7,500
– other services	**3,001**	2,342
Research and development costs#	**264,144**	342,525
Increase in provision for warranties#	**104,765**	113,817
Cost of inventories#	**6,032,376**	7,681,718

\# Cost of inventories includes RMB640.5 million for the year ended 31 December 2016 (2015: RMB732.4 million), relating to staff costs, depreciation and amortisation expenses, operating lease charges, research and development costs and provision for warranties, which amount is also included in the respective total amounts disclosed separately above or in Note 7(b) for each of these types of expenses.

8 INCOME TAX

(a) Income tax in the consolidated statement of profit or loss represents:

	2016	2015
	RMB'000	*RMB'000*
Current taxation:		
– Provision for corporate income tax in respective jurisdictions	**63,537**	46,279
Deferred taxation:		
– Origination and reversal of temporary differences	**(52,960)**	(45,836)
	10,577	443

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

	2016	2015
	RMB'000	*RMB'000*
Profit/(loss) before taxation	**87,194**	(167,288)
Expected tax on profit/(loss) before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(Notes (i), (ii), (iii) and (iv))*	**21,013**	(68,117)
Tax effect of non-deductible expenses *(Note (v))*	**6,661**	12,816
Tax effect of non-taxable income *(Note (vi))*	**(10,363)**	(2,110)
Tax effect of unused tax losses not recognised	**18,295**	15,934
Tax effect of write-down of deferred tax assets *(Note (vii))*	**61,906**	59,942
Tax concessions *(Note (viii))*	**(86,935)**	(18,022)
Income tax	**10,577**	443

Notes:

(i) 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 year ended 31 December 2016 (2015: 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 year ended 31 December 2016 (2015: RMBNil).

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

(iii) The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% for the year ended 31 December 2016 (2015: 25%).

(iv) The subsidiaries of the Group incorporated in countries other than the PRC (including Hong Kong), the Cayman Islands and the British Virgin Islands, are subject to income tax rates ranging from 8.5% to 35% for the year ended 31 December 2016 pursuant to the rules and regulations of their respective countries of incorporation (2015: 8.5% to 35%).

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

(vi) The amounts mainly represented non-taxable net foreign exchange gain recognised by the Company and the Company's subsidiaries incorporated in Hong Kong.

(vii) The Group wrote down previously recognised tax losses of RMB61.9 million (2015: RMB59.9 million), as the utilisation of these unused tax losses has changed due to changes were made to the estimates of the future operating results of certain subsidiaries of the Group.

(viii) One of the subsidiaries of the Group established in the PRC 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 and therefore enjoys a preferential PRC Corporate Income Tax rate of 15% for the year ended 31 December 2016 (2015: 15%). In addition to the preferential PRC Corporate Income Tax rate, this subsidiary entitles an additional tax deductible allowance amounted to 50% of the qualified research and development costs incurred in the PRC by this subsidiary.

9 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The basic earnings per share for the year ended 31 December 2016 is calculated based on the profit attributable to equity shareholders of the Company of RMB87.0 million (2015: loss attributable to equity shareholders of the Company of RMB192.3 million) and the weighted average of 6,208,147,000 ordinary shares (2015: 6,198,626,000 ordinary shares) in issue during the year.

The calculation of the weighted average number of ordinary shares during the years ended 31 December 2016 and 2015 was as follows:

	2016	2015
	'000	*'000*
Issued ordinary shares at 1 January	**6,208,147**	6,188,520
Effect of shares purchased and vested under a share award scheme *(Note 13)*	**–**	10,106
Weighted average number of ordinary shares at 31 December	**6,208,147**	6,198,626

(b) Diluted earnings/(loss) per share

There were no dilutive potential shares outstanding during the years ended 31 December 2016 and 2015.

10 GROSS AMOUNT DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2016	2015
	RMB'000	*RMB'000*
Contract costs incurred plus recognised profits less recognised losses in connection with construction contracts in progress at the end of the reporting period	**45,502,659**	45,445,528
Less: progress billings	**(41,794,177)**	(41,268,132)
	3,708,482	4,177,396
Gross amount due from customers for contract work	**4,998,142**	5,738,168
Gross amount due to customers for contract work	**(1,289,660)**	(1,560,772)
	3,708,482	4,177,396

11 TRADE AND BILLS RECEIVABLES

	2016	2015
	RMB'000	*RMB'000*
Trade receivables for contract work due from:		
– Third parties	**3,816,663**	3,193,472
– Affiliates of the Controlling Shareholder	**155,660**	133,418
	3,972,323	3,326,890
Bills receivable for contract work	**163,802**	141,121
Trade receivables for sale of raw materials due from:		
– Third parties	**1,532**	1,512
– Affiliates of the Controlling Shareholder	**1,631**	1,742
	3,163	3,254
	4,139,288	3,471,265
Less: allowance for doubtful debts	**(1,029,606)**	(658,604)
	3,109,682	2,812,661

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

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

	2016	2015
	RMB'000	*RMB'000*
Within 6 months	**853,991**	789,134
More than 6 months but less than 1 year	**316,762**	363,045
More than 1 year	**1,938,929**	1,660,482
	3,109,682	2,812,661

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	2016	2015
	RMB'000	*RMB'000*
Neither past due nor impaired	**735,851**	747,233
Less than 6 months past due	**728,371**	674,727
More than 6 months but less than 1 year past due	**347,959**	372,749
More than 1 year past due	**1,297,501**	1,017,952
	2,373,831	2,065,428
	3,109,682	2,812,661

12 TRADE AND BILLS PAYABLES

	2016	2015
	RMB'000	*RMB'000*
Trade payables for purchase of inventories due to:		
– Third parties	**2,016,540**	2,407,146
– Affiliates of the Controlling Shareholder	**5,172**	2,725
	2,021,712	2,409,871
Trade payables due to sub-contractors	**882,928**	734,603
Bills payable	**1,176,341**	1,114,504
Financial liabilities measured at amortised cost	**4,080,981**	4,258,978

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:

	2016	2015
	RMB'000	*RMB'000*
Within 1 month or on demand	**3,080,302**	3,346,548
More than 1 month but less than 3 months	**713,044**	275,680
More than 3 months	**287,635**	636,750
	4,080,981	4,258,978

13 EQUITY SETTLED SHARE-BASED TRANSACTIONS

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 with 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 in the Company from the Stock Exchange with cash contributed by the Group, and to hold 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:

	2016			2015		
	Average purchase price *HK$*	**No. of shares** *'000*	**Value** *RMB'000*	Average purchase price *HK$*	No. of shares *'000*	Value *RMB'000*
At 1 January		**587**	**210**		20,214	9,270
Shares purchased during the year	–	–	–	0.45	7,380	2,653
Shares granted and vested during the year		–	–		(27,007)	(11,713)
At 31 December		**587**	**210**		587	210

For the year ended 31 December 2016, no ordinary shares held under the Share Award Scheme were awarded to or vested by any employee of the Group.

14 DIVIDENDS

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

The directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2016 (2015: HK$Nil).

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

	2016 *RMB'000*	2015 *RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$Nil per ordinary share (2015: HK$0.10 per ordinary share)	–	489,788

15 CONTINGENT LIABILITIES

(a) Guarantees issued

At 31 December 2016, the Group has issued the following guarantees:

	2016	2015
	RMB'000	*RMB'000*
Guarantees for construction contracts' bidding, performance and retentions	**2,156,126**	2,189,897

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

(b) Contingent liabilities in respect of legal claims

(i) In December 2009, Shenyang Yuanda Aluminium Industry Engineering Co., Ltd. ("Shenyang Yuanda") and Yuanda Aluminium Engineering (India) Private Limited ("Yuanda India"), both wholly owned subsidiaries of the Group, jointly received a notice that they are being sued by a former sub-contractor in Republic of India ("India") in respect of Shenyang Yuanda's and Yuanda India's non-performance of the terms as stipulated in the sub-contract agreement entered into between Shenyang Yuanda and this former sub-contractor. Shenyang Yuanda has made a counterclaim against this sub-contractor for non-performance of the sub-contract agreement. On 30 September 2016, a first instance court judgement has been rendered in favour of Shenyang Yuanda and Yuanda India and pursuant to which the former sub-contractor shall pay to Shenyang Yuanda and Yuanda India damages in the amount of INR81.8 million (equivalent to approximately RMB8.4 million) plus accrued interest.

The former sub-contractor and Shenyang Yuanda and Yuanda India later on filed appeals and as at the date of this announcement the lawsuit is under reviewed before the Hon'ble High Court of Delhi. If Shenyang Yuanda and Yuanda India are found to be liable, the total expected monetary compensation may amount to approximately INR1,410.8 million (equivalent to approximately RMB144.0 million) plus accrued interest. Shenyang Yuanda and Yuanda India deny any liability in respect of the appeal filed by the former sub-contractor and, based on legal advice, the directors of the Company do not believe it is probable that the court will find against Shenyang Yuanda and/or Yuanda India. No provision has therefore been made in respect of this claim.

(ii) In November 2014, Yuanda Canada Enterprises Ltd. ("Yuanda Canada"), a wholly owned subsidiary of the Group, received a notice that it is being counterclaimed by a contractor in Canada alleging damages due to additional costs incurred for project delays caused by Yuanda Canada and costs incurred in completing and rectifying Yuanda Canada's work. This counterclaim is derived from a claim registered by Yuanda Canada against the contractor in respect of its non-payment of CAD2.9 million (equivalent to approximately RMB15.0 million) for the value of work performed by Yuanda Canada. If Yuanda Canada is found to be liable, the total expected monetary compensation may amount to approximately CAD13.5 million (equivalent to approximately RMB69.4 million) plus accrued interest. Yuanda Canada continues to deny any liability in respect of the counterclaim and, based on legal advice, the directors of the Company do not believe it is probable that the court will find against Yuanda Canada. No provision had therefore been made in respect of this claim.

(iii) On 20 April 2016, LLC Yuanda Curtain Wall ("Yuanda Russia"), a wholly-owned subsidiary of the Group, initiated an arbitration proceeding against Rasen Stroy LLC ("Rasen Stroy"), a contractor of Yuanda Russia, in the arbitration tribunal in Moscow to demand payment of the outstanding construction payable of USD6.5 million (equivalent to approximately RMB45.2 million) and apply for a protection order in relation to letters of guarantee issued by Yuanda Russia to Rasen Stroy. Rasen Stroy filed a counterclaim against Yuanda Russia on 27 July 2016 claiming for USD37.4 million (equivalent to approximately RMB259.4 million).

In respect of Yuanda Russia's claim, on 9 September 2016, the arbitration tribunal in Moscow ruled that Rasen Stroy shall make payment of an outstanding construction payable of USD2.8 million (equivalent to approximately RMB19.4 million) to Yuanda Russia and Yuanda Russia's application for a protection order in relation to the letters of guarantee was dismissed. In respect of Rasen Stroy's counterclaim, on 5 October 2016, the arbitration tribunal in Moscow ruled in favour of Rasen Stroy and that Yuanda Russia shall pay 50% of the amount Rasen Stroy claimed for, which is USD 18.7 million (equivalent to approximately RMB129.7 million).

Yuanda Russia disagrees with the above ruling and filed an appeal against the ruling. The appeal by Yuanda Russia was dismissed by the relevant tribunal and the ruling that Yuanda Russia shall pay 50% of the amount Rasen Stroy claimed for was maintained. Yuanda Russia later on filed a further appeal. As at the date of this announcement, the appeal is still in progress. Yuanda Russia continues to deny any liability in respect of Rasen Stroy's counterclaim and, based on legal advice and taking into account of Yuanda Russia's financial position as at the end of the reporting period, the directors of the Company do not believe Yuanda Russia will incur material losses in connection with this lawsuit, no provision has therefore been made in respect of this lawsuit.

(iv) In addition to the lawsuits mentioned in Notes 15(b)(i) to 15(b)(iii), certain subsidiaries of the Group are named defendants on other lawsuits or arbitrations in respect of construction work carried out by them. As at the date of this announcement, these lawsuits and arbitrations are under reviewed before courts or arbitrators. If these subsidiaries are found to be liable, the total expected monetary compensation may amount to approximately RMB128.0 million, of which RMB3.5 million has already been provided for and the Group's bank deposits of RMB23.7 million at 31 December 2016 was frozen by courts for certain of these lawsuits. Based on legal advices, except for the lawsuits the Group has already provided for, the directors of the Company do not believe it is probable that the courts or arbitrators will find against these subsidiaries of the Group on these lawsuits and arbitrations.

(c) Contingent compensation payable

In July 2016, it was reported that certain construction materials supplied by the Group was found to contain asbestos in two construction projects in Australia. The Group is cooperating with relevant authorities on investigation into the reason for the reported cases. As at the date of this announcement, asbestos was not found in other projects constructed by the Group and there was no related legal action against the Group in Australia. As the investigation is yet to be completed and claims against the Group from contractors have not been quantified, the directors of the Company cannot reliably estimate the repair cost and potential compensation for projects found with asbestos. No provision in this regard has therefore been made.

BUSINESS REVIEW

Overall Performance

The year 2016 marks the beginning of the 13th Five-Year Plan, and is also the critical year for the implementation of supply-side structural reform by the central government. The overall Chinese economy was stable and moving in a positive direction. As a result of the measures adopted by different cities to reduce real estate inventory, the property market was generally good. However, following the promulgation of austerity policies and tightening of credit policies in the fourth quarter, market growth momentum saw a slowdown and potential growth in property price is limited. Overall, the property market continued to indicate a structural divergence among which commercial property market was generally stable.

In 2016, the national construction industry output value is RMB19,356.7 billion, representing a year-on-year growth of 7.1%, a slight improvement than 2015. The annual added value of construction industry is RMB4,952.2 billion, representing a year-on-year growth of 6.6%.The national building construction area amounted to 12.64 billion square meters, representing a year-on-year growth of 2.0%. The total investment amount of newly commenced construction projects is RMB112,056.1 billion, representing a year-on-year growth of 10.0%.

During the year 2016, the profit attributable to equity shareholders of the Company was approximately RMB87.0 million (31 December 2015: a loss of approximately RMB192.3 million). The improvement was mainly attributable to the strict control of contract quality and the effective contract budget management implemented by the Group during the Reporting Period, which resulted in an increase of gross profit margin from the Group's construction projects.

Newly-awarded Projects (including VAT)

During the year 2016, the Group was awarded with 68 new projects with an aggregate amount of approximately RMB6,119.1 million, representing a decline of approximately RMB3,401.4 million or 35.7% as compared to 2015. The main reason for the decline was that, in line with the need to deflate housing bubble, the PRC government continued to maintain its policy keynote that exerts stringent control over the real estate market, although regulation by type and policies by city are implemented based on specific market conditions. As a result of which, the Group took a more prudent and cautious operating strategy and avoided or forewent those projects with less favourable payment terms or lower profit margin.

	2016		2015	
	Number of projects	***RMB' million***	Number of projects	*RMB' million*
Domestic	**50**	**2,726.7**	97	5,818.3
Overseas	**18**	**3,392.4**	29	3,702.2
Total	**68**	**6,119.1**	126	9,520.5

Details of the certain landmark projects obtained by the Group during the year 2016 are as follows:

Domestic:

Project name	**Category of project utilization**	**Approximate Contract Value** *RMB' million*
Kunming Henglong	Commercial Complex	203.8
Xiaomi Headquarter I	Headquarters Building	154.2
Xinggang International Center	Financial Center	132.7
Nanchang Shopping Mall	Commercial Complex	109.9
Shenzhen Sino-Global Economic and Trade Plaza	Financial Center	105.0
NingBo Guohua	Headquarters Building	104.4
Xiaomi Headquarter II	Headquarters Building	99.7
Harbin Metro Line 3 II	Communal Facilities	97.8
Shengjing Financial Plaza (Blocks C)	Headquarters Building	96.3
Enterpriser World II	Financial Center	91.6
Tianjing Luneng Mansion	Headquarters Building	91.5
Shengjing Financial Plaza (Blocks B)	Headquarters Building	90.6

Overseas:

Project name	Category of project utilization	Approximate Contract Value *RMB' million*
Lusail Stadium, Qatar	Communal Facilities	819.1
One Line Apartment, UK	Commercial Complex	531.4
Harbour Centre Apartment, UK	Commercial Complex	511.3
AYKON Apartment, UK	Commercial Complex	335.7
Double C Plaza,US	Commercial Complex	254.9
Swiss Elle Business Center, Switzerland	Commercial Complex	138.2
New York Riverside Center IV, US	Commercial Complex	122.7
Double U Plaza,US	Commercial Complex	107.5
Lahore Mansion, Pakistan	Commercial Complex	89.6

Backlog

As at 31 December 2016, the remaining contract value of backlog of the Group amounted to approximately RMB19,293.2 million (31 December 2015: approximately RMB20,913.1 million), which will sufficiently support a sustainable development of the Group for the next two to three years.

	2016		2015	
	Remaining value of contracts		Remaining value of contracts	
	Number of projects	***RMB' million***	Number of projects	*RMB' million*
Domestic	**337**	**9,568.3**	399	12,261.0
Overseas	**102**	**9,724.9**	100	8,652.1
Total	**439**	**19,293.2**	499	20,913.1

Major technology achievements and awards

In 2016, the Group obtained 8 patents, including 6 patents for invention and 2 patents for utility model. At 31 December 2016, the total number of patents owned by the Group was 973.

BUSINESS PROSPECTS

Going forward, it is expected that the China's development, both inbound and outbound, will face more complicated and severer situations. World economic growth will remain sluggish, and both the trend of deglobalization and protectionism are growing. There are many uncertainties in the direction of the major economies' policies and their spillover effects, and the factors that could cause instability and uncertainty are visibly increasing. Under the new economic normality, China's economy is at the critical stage of restructuring and upgrading. The new and old economy momentums are in transition. The real economy is still facing relatively considerable challenge, and it is difficult to see any substantive improvement in the external demand. The risk of a economic downturn remains high. It is anticipated that against such economic downturn challenge, the central government will further deepen the "supply side reform", accelerate reform and restructuring, and grow new forces for restoring momentum of economy. In addition, it will step up efforts on fiscal policies support and implement sound and neutral monetary policies. It is expected that China's macro-economy will remain stable with certain downside risks in 2017. Despite partial rectification in the real estate market in 2017, rapid growth of the economy, an increase in the per capita disposable income and the continued development of urbanization will create space for growth of the real estate industry. With advancement of innovation and transformation in the industry, new business types and new development models will be launched and put on trial from time to time. The government will expedite construction of fundamental systems and long-term mechanisms for the real estate market to avoid huge fluctuation in the real estate market and keep it generally stable.

Facing the complex domestic and international economic situation, the Group will continue to implement the prudent and cautious business strategy under which the Group will timely monitor the overall market environment and narrow the scope of business in politically risky area as and when necessary, and strive to improve the level of internal management, strengthen budget management and cost control, strictly control the project risk, and implement effective risk management measures to ensure the main business of curtain wall system will be developed in a healthy and sustainable manner. At the same time, the Group will also continuously adhere and respond to the changes in the real-market situation, actively grasp the new direction of the national policy and industrial restructuring, with an objective to be able to identify new business investment opportunities in the emerging industry and achieve strategic transformation to create more values for its shareholders.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2016, the Group's revenue decreased by approximately RMB1,270.0 million or approximately 14.8% as compared with last year to approximately RMB7,324.4 million (2015: approximately RMB8,594.4 million). Of which,

1. the revenue from domestic market decreased by approximately RMB1,537.3 million or approximately 25.2% as compared with last year to approximately RMB4,564.3 million (2015: approximately RMB6,101.6 million), contributing approximately 62.3% of the total revenue of the Group. The decrease was mainly attributable to the slow down of real estate development, especially for the development of commercial buildings in China, as well as the more prudent operating strategy adopted by the Group; and

2. the revenue from overseas market increased by approximately RMB267.3 million or approximately 10.7% from last year to approximately RMB2,760.1 million (2015: approximately RMB2,492.8 million), contributing approximately 37.7% of the total revenue of the Group. The growth was mainly contributed by the Group's East Asia market, where certain of major construction contracts secured in prior years commenced substantial construction in 2016.

Cost of sales

In 2016, the Group's cost of sales decreased by approximately RMB1,649.3 million or 21.5% compared with last year to approximately RMB6,032.4 million (2015: approximately RMB7,681.7 million). With the decrease in revenue, the related costs of sales were accordingly decreased.

Gross profit and gross profit margin

In 2016, the Group's gross profit increased by approximately RMB379.4 million or 41.6% to approximately RMB1,292.0 million (2015: approximately RMB912.6 million).

For the year ended 31 December 2016, the Group's gross profit margin increased by approximately 7.0 percent to approximately 17.6% (2015: approximately 10.6%). Among which:

1. the Group's domestic gross profit margin increased by approximately 5.6 percent as compared with last year to 18.9% (2015: 13.3%). The increase in the Group's domestic gross profit margin was mainly attributable to the Group's strict budget management and cost control; and

2. the Group's overseas gross profit margin increased by approximately 11.3 percent from last year to 15.5% (2015: 4.2%). Except for the Group's strict budget management and cost control mentioned above, the increase in the Group's overseas gross profit margin was also attributable to the depreciation of RMB against certain major foreign currencies in which the Group's overseas construction contracts are denominated.

Other income

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

In 2016, the Group's other income decreased by approximately RMB51.7 million or 31.1% to approximately RMB114.5 million (2015: approximately RMB166.2 million). The decrease in the Group's other income was mainly due to the decline in one-off net gain on disposal of the property, plant and equipment and land use rights during the Reporting Period.

Selling expenses

In 2016, the Group's selling expenses decreased by approximately RMB49.2 million or approximately 28.8% to approximately RMB121.4 million (2015: approximately RMB170.6 million), which was due to the effect from improvement of working efficiency and headcount optimization policy.

In 2016, selling expenses of the Group accounted for approximately 1.7% of the operating revenue of the Group (2015: 2.0%).

Administrative expenses

In 2016, the administrative expenses of the Group increased by approximately RMB34.9 million or approximately 3.2% to approximately RMB1,111.5 million (2015: approximately RMB1,076.6 million). During the Reporting Period, while the Group continued to adhere to a prudent principle pursuant to which administrative expense are monitored and controlled, the impairment loss on trade and bills receivables increased by RMB139.4 million to RMB348.5 million as compared with last year.

In 2016, administrative expenses accounted for approximately 15.2% of the operating revenue of the Group (2015: 12.5%).

Finance costs

In 2016, finance costs recorded a net loss of RMB86.4 million (2015: a net income of approximately RMB1.1 million). This was mainly due to the net loss on forward foreign exchange contracts recognised during the Reporting Period.

In 2016, finance costs accounted for 1.2% of the operating revenue of the Group (2015: 0.01%).

Income tax

In 2016, the Group's income tax was approximately RMB10.6 million (2015: approximately RMB0.4 million).

Consolidated net profit/(loss)

As a result of the foregoing, the consolidated net profit of the Group for the year ended 31 December 2016 was approximately RMB76.6 million (2015: a net loss of approximately RMB167.7 million).

Profit/(loss) attributable to equity shareholders of the Company

In 2016, the profit attributable to equity shareholders of the Company was approximately RMB87.0 million (2015: a loss of approximately RMB192.3 million).

The basic and diluted profit per share was approximately RMB1.40 cents (2015: a basic and diluted loss per share of approximately RMB3.10 cents).

Net current assets and financial resources

As at 31 December 2016, the Group's net current assets amounted to approximately RMB1,526.9 million (31 December 2015: approximately RMB1,793.2 million).

As at 31 December 2016, the Group's cash and cash equivalents amounted to approximately RMB2,362.7 million (31 December 2015: approximately RMB3,006.8 million), mainly denominated in RMB, USD, Singapore dollar ("SGD") and Euro.

Bank loans and gearing ratio

As at 31 December 2016, the Group's total bank loan amounted to approximately RMB3,560.0 million (31 December 2015: approximately RMB4,057.1 million). All the bank loans as at 31 December 2016 were denominated in RMB, and were repayable within one year.

The Group's gearing ratio (calculated by total liabilities divided by total assets) was 77.2% (31 December 2015: 78.8%).

Turnover days of receivables/trade and bills payables/inventory

Turnover days (day)	**2016**	2015
Receivables *(note 1)*	**344**	306
Trade and bills payables *(note 2)*	**334**	288
Inventory *(note 3)*	**50**	44

Notes:

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

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

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

During the Reporting Period, the turnover days of receivables were 344 days, representing an increase of 38 days as compared to 2015, as the final completion of and payment settlement for construction projects in China continued to slow down in 2016.

During the Reporting Period, the turnover days of trade and bill payables were 334 days, representing an increase of 46 days as compared to 2015.

During the Reporting Period, the net operating cash flow amounted to approximately RMB72.2 million (2015: approximately RMB15.3 million).

Inventory and inventory turnover days

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

As at 31 December 2016, the Group's inventory amounted to approximately RMB357.9 million (31 December 2015: approximately RMB433.0 million). During the Reporting Period, the inventory turnover days were 50 days, representing an increase of 6 days as compared to 2015.

Capital expenditure

In 2016, the Group's payment for capital expenditure amounted to approximately RMB68.5 million (2015: approximately RMB86.0 million), which was mainly related to the payment on land acquisition, construction of plant and purchase of equipment.

Foreign exchange risk

The overseas projects of the Group were mainly dominated in USD, Euro, British Pound Sterling, SGD, AUD and Swiss Francs. To hedge any foreign exchange risks, the Group has entered into forward foreign exchange contracts which hedge the forecast transactions and monetary assets denominated in foreign currencies of the Group. The Group ensures that net exposure to currency risk arising from assets and liabilities maintained at an acceptable level.

Contingent liabilities

Details of the Group's contingent liabilities as at 31 December 2016 are set out in Note 15 to the financial statements.

Charge on assets

As at 31 December 2016, the Group's bank loans of approximately RMB967.0 million were secured by property, plant and equipment and land use rights with an aggregate carrying value of approximately RMB661.5 million.

Save as disclosed above, the Group had no other charge on its assets as at 31 December 2016.

Material acquisitions and disposals

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

Significant investment

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

Future plans for significant investments or capital assets

As at the date of this announcement, it is expected that the Group will invest approximately RMB21.4 million for the construction of plant in Foshan. Save as disclosed above, there are no other plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

Global offering and use of proceeds

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

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

As at 31 December 2016, an accumulated amount of approximately HK$2,011 million of proceeds from the Global Offering (of which expansion of production capacity: HK$568 million; repayment of bank loans (mainly comprised the bridge loan of Standard Chartered Bank): HK$962 million; expenses in research and development: HK$261 million; and expansion of its sales and marketing network: HK$220 million) was utilized in accordance with the intended use as stated in the Prospectus. It is intended that the remaining proceeds of approximately HK$392 million will be used in accordance to the proposed allocation as stated in the Prospectus.

Employees and remuneration policies

As at 31 December 2016, the Group had 7,425 full-time employees in total (31 December 2015: 7,924). The decrease in the number of full-time employees was mainly due to employees attrition as a result of the Group's business decline. 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 with reference to the prevailing market conditions and the performance of the individuals concerned, subject to review from time to time. The components of the remuneration package consist of basic salary, allowances, fringe benefits including medical insurance and contributions to pension funds, as well as incentives like discretionary bonus and share options. The Group has also adopted a share option scheme and a share award scheme for the purpose of providing incentives and rewards to eligible participants, including the Directors, and full-time or part-time employee of the Group. Details of the share option scheme and share award scheme will be available in the annual report of the Group for the year ended 31 December 2016.

Review of annual results

The annual results of the Group for the year ended 31 December 2016 have been audited by KPMG, the external auditor of the Company, in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The independent auditor's report will be included in the annual report of the Company to be dispatched to the shareholders on or before end of April 2017. The audited annual results of the Group for the year ended 31 December 2016 have also been reviewed and approved by the audit committee of the Company, comprising all the three independent non-executive Directors namely, Mr. Poon Chiu Kwok (Chairman of the Audit Committee), Mr. Woo Kar Tung, Raymond and Mr. Pang Chung Fai, Benny.

Corporate governance

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence to the Company and the Company's accountability. For the year ended 31 December 2016, the Group has complied with all code provisions of the Corporate Governance Code as set forth in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

Model Code for securities transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules regarding securities transactions by the Group. The Group has made specific enquiry to all Directors and all the Directors have confirmed their compliance with the required standard set out in the Model Code throughout the year ended 31 December 2016.

Final dividends

The Board has resolved not to declare any annual dividend for the year ended 31 December 2016 (2015: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**Annual General Meeting**") will be held on Thursday, 1 June 2017. A notice of the Annual General Meeting will be published and dispatched to shareholders of the Group in the manner required by the Listing Rules in due course.

BOOK CLOSURE PERIOD AND RECORD DATE

For the purpose in determining who will be eligible to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Friday, 26 May 2017 to Thursday, 1 June 2017 (both days inclusive), during which time no transfer of shares will be registered. To ensure that the shareholders are entitled to attend and vote at the Annual General Meeting, the shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Group's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Room 17121716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Thursday, 25 May 2017 for registration of the relevant transfer.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE GROUP

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Group and within the knowledge of the Directors as at the date of this announcement, the Group maintained adequate public float throughout the year ended 31 December 2016.

ACKNOWLEDGEMENT

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

PUBLICATION OF ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Group (http://www.yuandacn.com). The annual report of the Company for the year ended 31 December 2016 will be dispatched to the shareholders of the Group and made available for review on the aforesaid websites in due course.

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

Hong Kong, 30 March 2017

As at the date of this announcement, the executive directors of the Company are Mr. Kang Baohua, Mr. Li Hongren, Mr. Liu Futao, Mr. Ma Minghui, Mr. Wang Hao and Mr. Zhang Lei, and the independent non-executive directors of the Company are Mr. Poon Chiu Kwok, Mr. Woo Kar Tung, Raymond and Mr. Pang Chung Fai, Benny.