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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 2017

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 2017 (the "**Reporting Period**"), together with comparative figures for the year ended 31 December 2016.

FINANCIAL HIGHLIGHTS

	2017 (Approximately)	2016 (Approximately)	Percentage Change (Approximately)
Revenue *(RMB million)*	**5,688.7**	7,324.4	(22.3%)
Gross profit margin	**22.0%**	17.6%	4.4%
Consolidated net profit *(RMB million)*	**85.7**	76.6	11.9%
Profit attributable to equity shareholders of the Company *(RMB million)*	**60.7**	87.0	(30.2%)
Net cash generated from operating activities *(RMB million)*	**85.6**	72.2	18.6%
Basic and diluted earnings per share *(RMB cents)*	**0.98**	1.40	(30.0%)
Proposed final dividend per share *(HKD cents)*	**NIL**	NIL	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017
(Expressed in Renminbi ("RMB"))

	Note	2017 RMB'000	2016 RMB'000
Revenue	5	**5,688,650**	7,324,415
Cost of sales		**(4,439,731)**	(6,032,376)
Gross profit	5(b)	**1,248,919**	1,292,039
Other income	6	**108,949**	114,467
Selling expenses		**(95,217)**	(121,358)
Administrative expenses		**(971,578)**	(1,111,508)
Profit from operations		**291,073**	173,640
Finance costs	7(a)	**(232,801)**	(86,446)
Profit before taxation	7	**58,272**	87,194
Income tax	8	**27,457**	(10,577)
Profit for the year		**85,729**	76,617
Attributable to:			
Equity shareholders of the Company		**60,652**	87,039
Non-controlling interests		**25,077**	(10,422)
Profit for the year		**85,729**	76,617
Earnings per share (RMB cents)			
– Basic and diluted	9	**0.98**	1.40

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017
(Expressed in RMB)

	2017	2016
	RMB'000	*RMB'000*
Profit for the year	**85,729**	76,617
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 of financial statements of the Company and certain subsidiaries into presentation currency	**94,903**	(131,567)
– Cash flow hedge: net movement in the hedging reserve	**9,981**	19,544
Other comprehensive income for the year	**104,884**	(112,023)
Total comprehensive income for the year	**190,613**	(35,406)
Attributable to:		
Equity shareholders of the Company	**183,615**	(24,324)
Non-controlling interests	**6,998**	(11,082)
Total comprehensive income for the year	**190,613**	(35,406)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

(Expressed in RMB)

	Note	2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment		**617,302**	695,726
Lease prepayments		**600,490**	623,646
Deferred tax assets		**454,312**	396,655
		1,672,104	1,716,027
Current assets			
Inventories		**277,198**	357,938
Gross amount due from customers for contract work	*10*	**4,027,183**	4,998,142
Trade and bills receivables	*11*	**3,035,194**	3,109,682
Deposits, prepayments and other receivables		**663,842**	635,270
Cash on hand and in bank		**1,805,591**	2,362,694
		9,809,008	11,463,726
Current liabilities			
Trade and bills payables	*12*	**3,314,858**	4,080,981
Gross amount due to customers for contract work	*10*	**891,455**	1,289,660
Receipts in advance		**16,282**	19,444
Accrued expenses and other payables		**591,806**	738,973
Bank loans		**2,222,000**	3,560,000
Income tax payable		**211,528**	205,086
Provision for warranties		**52,277**	42,671
		7,300,206	9,936,815
Net current assets		**2,508,802**	1,526,911
Total assets less current liabilities		**4,180,906**	3,242,938

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2017

(Expressed in RMB)

	2017	2016
	RMB'000	*RMB'000*
Non-current liabilities		
Bank loans	**721,551**	–
Deferred tax liabilities	**3,971**	4,527
Provision for warranties	**257,118**	230,758
	982,640	235,285
NET ASSETS	**3,198,266**	3,007,653
CAPITAL AND RESERVES		
Share capital	**519,723**	519,723
Reserves	**2,817,332**	2,633,717
Total equity attributable to equity shareholders of the Company	**3,337,055**	3,153,440
Non-controlling interests	**(138,789)**	(145,787)
TOTAL EQUITY	**3,198,266**	3,007,653

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

The financial statements of the Group 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 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 Company has its functional currency in Hong Kong dollar ("HK$"). As majority of the Group's operation are conducted by the subsidiaries of the Group in mainland China, the consolidated financial statements are presented in Renminbi ("RMB").

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 several amendments to IFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure has been included in the financial statements to satisfy the new disclosure requirements introduced by the amendments to IAS 7, Statement of cash flows: Disclosure initiative, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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 2017 and 2016.

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 mainland China.

(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 2017 and 2016. The Group's other operating expenses, such as selling and administrative expenses and finance costs, are not measured under individual segments. The measure used for reporting segment result is gross profit.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2017 and 2016 is set out below.

	2017						
	Northeast China	**North China**	**East China**	**West China**	**South China**	**Overseas**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers and reportable segment revenue	**437,370**	**701,483**	**1,135,020**	**404,835**	**594,692**	**2,415,250**	**5,688,650**
Reportable segment gross profit	**109,479**	**171,884**	**304,364**	**60,372**	**93,823**	**508,997**	**1,248,919**
Reportable segment assets	**1,806,972**	**1,385,890**	**2,184,229**	**840,313**	**1,076,098**	**1,938,378**	**9,231,880**
Reportable segment liabilities	**1,022,862**	**636,625**	**1,306,302**	**418,498**	**457,198**	**1,638,709**	**5,480,194**

	2016						
	Northeast China *RMB'000*	North China *RMB'000*	East China *RMB'000*	West China *RMB'000*	South China *RMB'000*	Overseas *RMB'000*	Total *RMB'000*
Revenue from external customers and reportable segment revenue	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

(ii) Reconciliations of reportable segment assets and liabilities

	2017 *RMB'000*	2016 *RMB'000*
Assets		
Reportable segment assets	**9,231,880**	10,560,560
Property, plant and equipment	**617,302**	695,726
Lease prepayments	**600,490**	623,646
Deferred tax assets	**454,312**	396,655
Unallocated head office and corporate assets	**1,060,228**	1,445,893
Elimination of receivables between segments, and segments and head office	**(483,100)**	(542,727)
Consolidated total assets	**11,481,112**	13,179,753
Liabilities		
Reportable segment liabilities	**5,480,194**	6,763,450
Bank loans	**2,943,551**	3,560,000
Income tax payable	**211,528**	205,086
Deferred tax liabilities	**3,971**	4,527
Unallocated head office and corporate liabilities	**126,702**	181,764
Elimination of payables between segments, and segments and head office	**(483,100)**	(542,727)
Consolidated total liabilities	**8,282,846**	10,172,100

(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:

	2017	2016
	RMB'000	*RMB'000*
Mainland China	**3,273,400**	4,564,262
East Asia region	**853,273**	936,148
Europe region	**680,475**	628,619
Australia region	**401,261**	688,485
Americas region	**365,375**	278,760
Middle East region	**95,226**	206,066
Others	**19,640**	22,075
	5,688,650	7,324,415

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

	2017	2016
	RMB'000	*RMB'000*
Mainland China	**1,203,171**	1,302,537
Overseas	**14,621**	16,835
	1,217,792	1,319,372

6 OTHER INCOME

	2017	2016
	RMB'000	*RMB'000*
Government grants	**6,828**	33,960
Rental income from operating leases	**1,394**	2,487
Net income from provision of repairs and maintenance services	**2,060**	1,858
Net gain from sale of raw materials	**284**	80
Net gain on disposal of property, plant and equipment and land use rights	**98,383**	76,082
	108,949	114,467

7 PROFIT BEFORE TAXATION

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

(a) Finance costs:

	2017	2016
	RMB'000	*RMB'000*
Interest on borrowings	**152,680**	172,376
Bank charges and other finance costs	**17,124**	30,511
Total borrowing costs	**169,804**	202,887
Interest income	**(4,749)**	(10,920)
Net foreign exchange loss/(gain)	**114,057**	(144,186)
Net (gain)/loss on forward foreign exchange contracts:		
– net (gain)/loss on cash flow hedging instruments reclassified from equity	**(6,131)**	8,042
– net (gain)/loss on other forward foreign exchange contracts	**(40,180)**	30,623
	232,801	86,446

No borrowing costs have been capitalised for the year ended 31 December 2017 (2016: RMBNil).

(b) Staff costs#:

	2017	2016
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**576,091**	795,972
Contributions to defined contribution retirement plans	**74,649**	98,996
	650,740	894,968

(c) Other items:

	2017	2016
	RMB'000	*RMB'000*
Depreciation and amortisation#	**59,404**	62,547
Impairment loss on trade receivables	**462,838**	348,542
Operating lease charges in respect of land, plant and buildings, motor vehicles and other equipment#	**29,489**	33,180
Research and development costs#	**211,442**	264,144
Increase in provision for warranties#	**91,196**	104,765
Cost of inventories#	**4,439,731**	6,032,376

\# Cost of inventories includes RMB531.3 million for the year ended 31 December 2017 (2016: RMB640.5 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:

	2017	2016
	RMB'000	*RMB'000*
Current taxation:		
– Provision for corporate income tax in respective jurisdictions	**46,204**	63,537
– Over provision in respect of prior years	**(13,840)**	–
	32,364	63,537
Deferred taxation:		
– Origination and reversal of temporary differences	**(59,821)**	(52,960)
	(27,457)	10,577

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

	2017	2016
	RMB'000	*RMB'000*
Profit before taxation	**58,272**	87,194
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(Notes (i), (ii), (iii) and (iv))*	**16,889**	21,013
Tax effect of non-deductible expenses *(Note (v))*	**17,555**	6,661
Tax effect of non-taxable income	**–**	(10,363)
Tax effect of utilisation of prior years' unused tax losses previously not recognised	**(21,754)**	(15,464)
Tax effect of unused tax losses not recognised	**6,255**	33,759
Tax effect of write-down of deferred tax assets	**–**	61,906
Over provision in respect of prior years	**(13,840)**	–
Tax concessions *(Note (vi))*	**(32,562)**	(86,935)
Income tax	**(27,457)**	10,577

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 2017 (2016: 16.5%). No provision for Hong Kong Profits Tax has been made as the Company and the subsidiaries of the Group incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for the year ended 31 December 2017 (2016: 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 2017 (2016: 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 2017 pursuant to the rules and regulations of their respective countries of incorporation (2016: 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) 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 2017 to 2019 and therefore enjoys a preferential PRC Corporate Income Tax rate of 15% for the year ended 31 December 2017 (2016: 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 PER SHARE

(a) Basic earnings per share

The basic earnings per share for the year ended 31 December 2017 is calculated based on the profit attributable to equity shareholders of the Company of RMB60.7 million (2016: RMB87.0 million) and the weighted average of 6,208,147,000 ordinary shares (2016: 6,208,147,000 ordinary shares) in issue during the year ended 31 December 2017.

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the years ended 31 December 2017 and 2016.

10 GROSS AMOUNT DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2017	2016
	RMB'000	*RMB'000*
Contract costs incurred plus recognised profits less recognised losses in connection with construction contracts in progress at the end of the reporting period	**37,879,281**	45,502,659
Less: progress billings	**(34,743,553)**	(41,794,177)
	3,135,728	3,708,482
Gross amount due from customers for contract work	**4,027,183**	4,998,142
Gross amount due to customers for contract work	**(891,455)**	(1,289,660)
	3,135,728	3,708,482

11 TRADE AND BILLS RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade receivables for contract work due from:		
– Third parties	**4,272,751**	3,816,663
– Companies under the control of the Controlling Shareholder	**185,586**	155,660
	4,458,337	3,972,323
Bills receivable for contract work	**47,659**	163,802
Trade receivables for sale of raw materials due from:		
– Third parties	**2,302**	1,532
– Companies under the control of the Controlling Shareholder	**1,870**	1,631
	4,172	3,163
	4,510,168	4,139,288
Less: allowance for doubtful debts	**(1,474,974)**	(1,029,606)
	3,035,194	3,109,682

The Group generally requires customers to settle progress billings and retentions receivable in accordance with contractual terms.

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 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 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:

	2017	2016
	RMB'000	*RMB'000*
Within 6 months	**933,087**	853,991
More than 6 months but less than 1 year	**202,024**	316,762
More than 1 year	**1,900,083**	1,938,929
	3,035,194	3,109,682

12 TRADE AND BILLS PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade payables for purchase of inventories due to:		
– Third parties	**1,746,425**	2,016,540
– Companies under the control of the Controlling Shareholder	**4,268**	5,172
	1,750,693	2,021,712
Trade payables due to sub-contractors	**831,117**	882,928
Bills payable	**733,048**	1,176,341
Financial liabilities measured at amortised cost	**3,314,858**	4,080,981

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

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

	2017	2016
	RMB'000	*RMB'000*
Within 1 month or on demand	**2,724,867**	3,080,302
More than 1 month but less than 3 months	**193,096**	713,044
More than 3 months	**396,895**	287,635
	3,314,858	4,080,981

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:

	2017		2016	
	No. of shares	**Value**	No. of shares	Value
	'000	***RMB'000***	*'000*	*RMB'000*
At 1 January and 31 December	**587**	**210**	587	210

For the year ended 31 December 2017 and 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 2017 (2016: HK$Nil).

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

No final dividend in respect of the previous financial year has been approved during the year ended 31 December 2017 (2016: HK$Nil).

15 CONTINGENT LIABILITIES

(a) Guarantees issued

At 31 December 2017, the Group has issued the following guarantees:

	2017	2016
	RMB'000	*RMB'000*
Guarantees for construction contracts' bidding, performance and retentions	**1,780,253**	2,156,126

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

(b) Contingent liabilities in respect of legal claims

(i) In December 2009, Shenyang Yuanda Aluminum Industry Engineering Co., Ltd. ("Shenyang Yuanda") and Yuanda Aluminum 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 Indian Rupee ("INR") 81.8 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 RMB143.9 million) plus accrued interest. Shenyang Yuanda and Yuanda India deny any liability in respect of the appeal filed by the former sub-contractor and, based on legal advice, the directors of the Company do not believe it is probable that the court will find against Shenyang Yuanda and/or Yuanda India. No provision has therefore been made in respect of this claim.

(ii) In November 2014, Yuanda Canada 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 Canadian Dollar ("CAD") 2.9 million (equivalent to approximately RMB15.1 million) for the value of work performed by Yuanda Canada. If Yuanda Canada is found to be liable, the total expected monetary compensation may amount to approximately CAD13.5 million (equivalent to approximately RMB70.2 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 RMB42.5 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 RMB244.4 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 RMB18.3 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 USD18.7 million (equivalent to approximately RMB122.2 million).

Yuanda Russia disagrees with the above ruling and filed an appeal against the ruling. The appeal by Yuanda Russia was dismissed by the relevant tribunal and the ruling that Yuanda Russia shall pay 50% of the amount Rasen Stroy claimed for was maintained. Yuanda Russia later on filed a second appeal. On 2 May 2017, the arbitration tribunal in Moscow ruled in favour of Rasen Stroy and that the claimed amount Yuanda Russia is liable for was reduced to USD3.4 million (equivalent to approximately RMB22.1 million). In June 2017, Yuanda Russia and Rasen Stroy both filed further appeals. In August 2017, the arbitration tribunal in Moscow rejected the further appeals of Rasen Story. As at the date of this announcement, 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 RMB245.5 million, the Group's bank deposits of RMB17.8 million at 31 December 2017 was frozen by courts for certain of these lawsuits. 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.

(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 global economy experienced a broad-based upturn in 2017, but potential downside risks, such as geopolitical tensions, emerging trade protectionism and global financial austerity, still persist. Meanwhile, China's macro-economic growth beat expectations in the wake of "deleveraging" efforts.

In 2017, the curtain wall industry in China saw higher fragmentation and greater adjustments.

For the year ended 31 December 2017, the profit attributable to equity shareholders of the Company decreased by about RMB26.3 million or 30.2% as compared with last year to about RMB60.7 million (2016: about RMB87.0 million). The main reason was that the Group has been selective in choosing curtain wall projects and has focused on major projects owned by customers with good reputation.

Newly-awarded Projects (including VAT)

During the year 2017, the aggregate amount of new-awarded projects of the Group decreased by about RMB1,963.0 million or 32.1% as compared with last year to about RMB4,156.1 million (2016: about RMB6,119.1 million). The main reason for the change was the tight domestic liquidity which has lowered the investment in commercial real estate.

	2017		2016	
	Numbers of projects	***RMB million***	Numbers of projects	*RMB million*
Domestic	**37**	**1,570.7**	50	2,726.7
Overseas	**15**	**2,585.4**	18	3,392.4
Total	**52**	**4,156.1**	68	6,119.1

Details of newly-awarded projects with over hundred-million RMB contract value are as follows:

Project name	**Category of project utilization**	**Approximately Contract value** *RMB million*
Los Angeles Wanda, USA	Commercial Complex	619.9
C0600 College Town, Kuwait	Commercial Complex	489.7
Carla Office Building, Sweden	Headquarters Building	294.2
Changchun Long Xiang Center A, China	Commercial Complex	294.0
447 Collins Street, Australia	Commercial Complex	283.0
SAN Jose SJSC Building, USA	Commercial Complex	270.5
Walsin Lihwa Center, China	Commercial Complex	169.4
No. 1 Denison Street, Australia	Commercial Complex	120.1
MAS, Malaysia	Commercial Complex	118.4
Fuli Silver Tower, USA	Headquarters Building	113.2
Silk Road Pearl Tower, China	Commercial Complex	110.0
LS Group Building, China	Headquarters Building	104.7

Backlog

As at 31 December 2017, the remaining backlog contract value of the Group decreased by about RMB1,766.4 million or 9.9% as compared with last year to about RMB16,120.6 million (31 December 2016: about RMB17,887.0 million), which could support a sustainable development of the Group for the next 2-3 years.

	2017 **Remaining value of contracts**		2016 Remaining value of contracts	
	Number of projects	***RMB million***	Number of projects	*RMB million*
Domestic	**291**	**7,279.4**	337	9,203.1
Overseas	**89**	**8,841.2**	102	8,683.9
Total	**380**	**16,120.6**	439	17,887.0

Major technology achievements and awards

In 2017, the Group obtained 16 patents, including 4 patents for invention and 12 patents for utility model.

BUSINESS PROSPECTS

The curtain wall industry is expected to face a challenging environment in 2018. Considering factors such as the curbing of demands, the reduction of residents' leverage and unbalanced demand and supply, tightening financing environment will further weaken the willingness of property developers to invest in 2018; and the sales volume of new projects is expected to decline. The Group will closely monitor trends and developments in the macro-economy and sector markets, taking heed to enhance its sensitivity and perception of market developments so that it could proactively formulate forward-looking business strategies in response to changes in the external business conditions.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2017, the revenue of the Group decreased by about RMB1,635.7 million or 22.3% as compared with last year to about RMB5,688.7 million (2016: about RMB7,324.4 million). Among which:

1. the revenue from domestic market of the Group decreased by about RMB1,290.9 million or 28.3% as compared with last year to about RMB3,273.4 million (2016: about RMB4,564.3 million), contributing approximately 57.5% of the total revenue of the Group. The decline is due to the revenue shrank in Northeast and East China; and

2. the revenue from overseas market of the Group decreased by about RMB344.8 million or 12.5% as compared with last year to about RMB2,415.3 million (2016: about RMB2,760.1 million), contributing approximately 42.5% of the total revenue of the Group.

Cost of sales

In 2017, the cost of sales of the Group decreased by about RMB1,592.7 million or 26.4% as compared with last year to about RMB4,439.7 million (2016: about RMB6,032.4 million). With the decrease in revenue, the related costs of sales were accordingly decreased.

Gross profit and gross profit margin

In 2017, the gross profit of the Group decreased by about RMB43.1 million or 3.3% as compared with last year to about RMB1,248.9 million (2016: about RMB1,292.0 million).

In 2017, the gross profit margin of the Group increased by about 4.4% as compared with last year to about 22.0% (2016: about 17.6%). The Group's gross profit margin kept growing, which was mainly attributable to strengthened budget management, cost control and higher gross profit margin of newly-accepted projects of the Group. Among which:

1. the domestic gross profit margin of the Group increased by about 3.7% as compared with last year to about 22.6% (2016: about 18.9%); and

2. the overseas gross profit margin of the Group increased by about 5.6% as compared with last year to about 21.1% (2016: about 15.5%).

Other income

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

In 2017, other income of the Group decreased by about RMB5.6 million or 4.8% as compared with last year to about RMB108.9 million (2016: about RMB114.5 million). The decrease in the Group's other income was mainly due to the decline in government grants during the Reporting Period.

Selling expenses

In 2017, the selling expenses of the Group decreased by about RMB26.2 million or 21.5% as compared with last year to about RMB95.2 million (2016: about RMB121.4 million), accounted for approximately 1.7% of the operating revenue of the Group (2016: 1.7%). The main reason for the decrease was due to the strict control of expenses.

Administrative expenses

In 2017, the administrative expenses of the Group decreased by about RMB139.9 million or 12.6% as compared with last year to about RMB971.6 million (2016: about RMB1,111.5 million), accounted for approximately 17.1% of the operating revenue of the Group (2016: 15.2 %). This was mainly due to the facts that: (i) as a result of the headcount optimization policy implemented over the past few years, the staff cost of administrative staff declined; (ii) the Group continued to maintain the principle of prudence, and the provision for bad debts increased as compared with last year, resulting in the increase of administrative expenses.

Finance costs

In 2017, the finance costs of the Group increased by about RMB146.4 million as compared with last year to about RMB232.8 million (2016: about RMB86.4 million), accounted for 4.1% of the operating revenue of the Group (2016: 1.2%). This was mainly due to foreign exchange recognised as a net loss during the Reporting Period rather than a net profit in last year.

Income tax

In 2017, the income tax benefit of the Group was about RMB27.5 million (2016: an income tax expense of about RMB10.6 million).

Consolidated net profit

As a result of the foregoing, in 2017, the consolidated net profit of the Group increased by about RMB9.1 million or 11.9% as compared with last year to about RMB85.7 million (2016: about RMB76.6 million).

Profit attributable to equity shareholders of the Company

In 2017, the profit attributable to equity shareholders of the Company decreased by about RMB26.3 million or 30.2% as compared with last year to about RMB60.7 million (2016: about RMB87.0 million).

Net current assets and financial resources

As at 31 December 2017, the net current assets of the Group increased by about RMB981.9 million or 64.3% as compared with last year to about RMB2,508.8 million (31 December 2016: about RMB1,526.9 million).

As at 31 December 2017, the cash on hand and in bank of the Group decreased by about RMB557.1 million or 23.6% as compared with last year to about RMB1,805.6 million (31 December 2016: about RMB2,362.7 million), mainly denominated in RMB, USD, Australian Dollar ("AUD"), Indonesian Rupiah ("IDR"), Malaysia Ringgit ("MYR") and Singapore Dollar ("SGD").

Bank loans and gearing ratio

As at 31 December 2017, the total bank loan of the Group decreased by about RMB616.4 million or 17.3% as compared with last year to about RMB2,943.6 million (31 December 2016: about RMB3,560.0 million).

The Group's gearing ratio (calculated by total liabilities divided by total assets) was 72.1% (31 December 2016: 77.2%).

Turnover days of receivables/trade and bills payables/inventory

Turnover days (day)	**2017**	2016
Receivables *(note 1)*	**417**	344
Trade and bills payables *(note 2)*	**409**	334
Inventory *(note 3)*	**54**	50

Notes:

1. The calculation of the receivables turnover days is based on the average amount of trade and bills receivables and net contract work receivables (gross amount due from customers for contract work less gross amount due to customers for contract work) as at the beginning and ending of the relevant period divided by total revenue of the relevant period and multiplied by 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 of the Group increased by about 73 days or 21.2% as compared with last year to about 417 days (2016: about 344 days). Although the Group strengthened collection receivables which resulted in the decline of the receivable at the end of 2017, the final completion of and payment settlement for construction projects in China continued to slow down in 2017.

During the Reporting Period, the turnover days of trade and bill payables of the Group increased by about 75 days or 22.5% as compared with last year to about 409 days (2016: about 334 days).

Inventory and inventory turnover days

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

As at 31 December 2017, the inventory of the Group decreased by about RMB80.7 million or 22.6% as compared with last year to about RMB277.2 million (31 December 2016: about RMB357.9 million).

During the Reporting Period, the inventory turnover days of the Group increased by about 4 days or 8.0% as compared with last year to about 54 days (2016: about 50 days).

Capital expenditure

In 2017, the payment for capital expenditure of the Group decreased by about RMB65.8 million or 96.1% as compared with last year to about RMB2.7 million (2016: about RMB68.5 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, GBP, AUD and SGD. 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 2017 are set out in Note 15.

Charge on assets

As at 31 December 2017, the Group's bank loans of approximately RMB1,261.6 million were secured by property, plant and equipment and land use rights with an aggregate carrying value of approximately RMB1,050.9 million.

Save as disclosed above, the Group had no other charge on its assets as at 31 December 2017

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, a subsidiary of the Group has a plan for capital expenditure with the amount of RMB28.2 million for building as new factory.

Global offering and use of proceeds

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

As stated in the Company's prospectus dated 20 April 2011 and the supplementary prospectus dated 5 May 2011 (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 2017, an accumulated amount of approximately HK$2,018 million of proceeds from the Global Offering (of which expansion of production capacity: HK$575 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$385 million will be used in accordance to the proposed allocation as stated in the Prospectus.

Employees and remuneration policies

As at 31 December 2017, the Group had 6,094 full-time employees in total (31 December 2016: 7,425). The decrease in the number of full-time employees was the result of the Group's headcount optimization. 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, and fringe benefits, including medical insurance and contributions to pension funds, as well as incentives like discretionary bonus and share options.

Review of annual results

The annual results of the Group for the year ended 31 December 2017 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 by the end of April 2018. The audited annual results of the Group for the year ended 31 December 2017 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 2017, the Company has complied with all code provisions of the Corporate Governance Code as set forth in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

Model Code for securities transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules regarding securities transactions by the 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 2017.

Final dividend

The Board has resolved not to declare any annual dividend for the year ended 31 December 2017 (2016: HK$ Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**Annual General Meeting**") will be held on Tuesday, 29 May 2018. 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 Thursday, 24 May 2018 to Tuesday, 29 May 2018 (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 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Wednesday, 23 May 2018 for registration of the relevant transfer.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE GROUP

For the year ended 31 December 2017, 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 2017.

APPRECIATION

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

PUBLICATION OF ANNUAL REPORT

This 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 2017 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, 29 March 2018

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.