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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 2011

The Board of Directors (the "Board") of Yuanda China Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011.

FINANCIAL HIGHLIGHTS	**2011**	2010	Percentage Change
Turnover *(RMB million)*	**10,797.0**	9,260.9	16.6%
Gross profit margin	**21.4%**	22.4%	-1.0%
EBITDA *(RMB million)*	**1,204.7**	1,195.5	0.8%
Profit attributable to equity shareholders of the Company *(RMB million)*	**850.3**	806.1	5.5%
Net cash generated from/(used in) operating activities *(RMB million)*	**31.1**	(306.6)	110.1%
Basic and diluted earnings per share *(RMB)*	**0.16**	0.19	-15.8%
Proposed final dividend per share *(HK cents)*	**4.0**	N/A	N/A

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2011
(Expressed in Renminbi ("RMB"))

	Note	**2011** **RMB'000**	2010 RMB'000
Turnover	5	**10,797,007**	9,260,912
Cost of sales		**(8,490,988)**	(7,186,741)
Gross profit		**2,306,019**	2,074,171
Other revenue	6	**23,362**	18,132
Other net income	6	**119,119**	119
Selling expenses		**(226,092)**	(193,983)
Administrative expenses		**(1,026,545)**	(812,277)
Profit from operations		**1,195,863**	1,086,162
Finance costs	7(a)	**(156,779)**	(84,805)
Profit before taxation	5(b),7	**1,039,084**	1,001,357
Income tax	8	**(213,482)**	(214,140)
Profit for the year		**825,602**	787,217
Attributable to:			
Equity shareholders of the Company		**850,324**	806,132
Non-controlling interests		**(24,722)**	(18,915)
Profit for the year		**825,602**	787,217
Earnings per share			
– Basic and diluted (RMB)	9	**0.16**	0.19

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011
(Expressed in RMB)

	2011	2010
	RMB'000	*RMB'000*
Profit for the year	**825,602**	787,217
Other comprehensive income for the year (after tax and reclassification adjustments)		
Exchange differences on translation into presentation currency	**(8,561)**	16,502
Cash flow hedge: net movement in the hedging reserve	**(9,918)**	10,493
Total comprehensive income for the year	**807,123**	814,212
Attributable to:		
Equity shareholders of the Company	**828,890**	835,496
Non-controlling interests	**(21,767)**	(21,284)
Total comprehensive income for the year	**807,123**	814,212

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2011
(Expressed in RMB)

	Note	**2011**	2010
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**729,697**	774,955
Lease prepayments		**591,532**	614,672
Deferred tax assets		**156,931**	95,006
		1,478,160	1,484,633
Current assets			
Inventories		**457,198**	366,783
Gross amount due from customers for contract work	*10*	**3,843,624**	2,684,915
Trade and bills receivables	*11*	**1,817,267**	1,231,888
Deposits, prepayments and other receivables		**537,773**	567,234
Cash and cash equivalents		**1,944,470**	533,723
		8,600,332	5,384,543
Current liabilities			
Trade and bills payables	*12*	**2,671,133**	1,792,796
Gross amount due to customers for contract work	*10*	**877,246**	883,479
Receipts in advance		**99,734**	165,692
Accrued expenses and other payables		**584,341**	782,843
Bank and other loans		**1,312,462**	1,827,474
Income tax payable		**210,450**	140,222
Provision for warranties		**27,739**	60,204
		5,783,105	5,652,710
Net current assets/(liabilities)		**2,817,227**	(268,167)
Total assets less current liabilities		**4,295,387**	1,216,466

	Note	2011 RMB'000	2010 RMB'000
Non-current liabilities			
Bank loans		**195,000**	–
Redeemable convertible preference shares		**–**	302,201
Deferred tax liabilities		**1,021**	222
Provision for warranties		**79,319**	47,365
		275,340	349,788
NET ASSETS		**4,020,047**	866,678
CAPITAL AND RESERVES	*13*		
Share capital		**519,723**	1
Reserves		**3,553,562**	898,148
Total equity attributable to equity shareholders of the Company		**4,073,285**	898,149
Non-controlling interests		**(53,238)**	(31,471)
TOTAL EQUITY		**4,020,047**	866,678

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2011
(Expressed in RMB)

	Attributable to equity shareholders of the Company									
	Paid-in/ Share capital *RMB'000* *Note 13(b)*	Capital reserve *RMB'000*	Other reserve *RMB'000*	PRC statutory reserves *RMB'000*	Exchange reserve *RMB'000*	Hedging reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2010	517,431	60,658	18,361	213,152	(26,620)	3,533	241,302	1,027,817	(10,106)	1,017,711
Changes in equity for 2010:										
Profit/(loss) for the year	–	–	–	–	–	–	806,132	806,132	(18,915)	787,217
Other comprehensive income	–	–	–	–	18,871	10,493	–	29,364	(2,369)	26,995
Total comprehensive income	–	–	–	–	18,871	10,493	806,132	835,496	(21,284)	814,212
Effect on equity arising from the disposal of a subsidiary under common control	–	–	(984)	(840)	–	–	–	(1,824)	(3,181)	(5,005)
Issuance of shares *(Note 13(b)(ii))*	1	–	–	–	–	–	–	1	–	1
Issuance of redeemable convertible preference shares	–	30,541	–	–	–	–	–	30,541	–	30,541
Capitalisation of reserves and retained profits	588,679	–	–	(82,753)	–	–	(505,926)	–	–	–
Effect on equity arising from a group reorganisation	(1,106,110)	(60,658)	175,986	–	–	–	–	(990,782)	–	(990,782)
Effect on equity arising from the transfer of equity interests of a subsidiary within the Group	–	–	(3,100)	–	–	–	–	(3,100)	3,100	–
Appropriation to reserves	–	–	–	81,071	–	–	(81,071)	–	–	–
Transactions with equity holders of the Group	(517,430)	(30,117)	171,902	(2,522)	–	–	(586,997)	(965,164)	(81)	(965,245)
Balance at 31 December 2010	1	30,541	190,263	210,630	(7,749)	14,026	460,437	898,149	(31,471)	866,678

	Attributable to equity shareholders of the Company										
	Share capital *RMB'000* *Note 13(b)*	**Share premium** *RMB'000*	**Capital reserve** *RMB'000*	**Other reserve** *RMB'000*	**PRC statutory reserves** *RMB'000*	**Exchange reserve** *RMB'000*	**Hedging reserve** *RMB'000*	**Retained profits** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
Balance at 1 January 2011	**1**	**–**	**30,541**	**190,263**	**210,630**	**(7,749)**	**14,026**	**460,437**	**898,149**	**(31,471)**	**866,678**
Changes in equity for 2011:											
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**850,324**	**850,324**	**(24,722)**	**825,602**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**(11,516)**	**(9,918)**	**–**	**(21,434)**	**2,955**	**(18,479)**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(11,516)**	**(9,918)**	**850,324**	**828,890**	**(21,767)**	**807,123**
Conversion of redeemable convertible preference shares *(Notes 13(b)(iii))*	**1**	**332,600**	**(30,541)**	**–**	**–**	**–**	**–**	**–**	**302,060**	**–**	**302,060**
Capitalisation issue *(Note 13(b)(iii))*	**376,739**	**(376,739)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Issuance of shares by initial public offering and exercise of over-allotment option *(Note 13(b)(iv))*	**142,982**	**2,001,750**	**–**	**–**	**–**	**–**	**–**	**–**	**2,144,732**	**–**	**2,144,732**
Share issuance expenses *(Note 13(b)(iv))*	**–**	**(100,546)**	**–**	**–**	**–**	**–**	**–**	**–**	**(100,546)**	**–**	**(100,546)**
Appropriation to reserves	**–**	**–**	**–**	**–**	**80,078**	**–**	**–**	**(80,078)**	**–**	**–**	**–**
Transactions with equity holders of the Group	**519,722**	**1,857,065**	**(30,541)**	**–**	**80,078**	**–**	**–**	**(80,078)**	**2,346,246**	**–**	**2,346,246**
Balance at 31 December 2011	**519,723**	**1,857,065**	**–**	**190,263**	**290,708**	**(19,265)**	**4,108**	**1,230,683**	**4,073,285**	**(53,238)**	**4,020,047**

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

Yuanda China Holdings Limited (the "Company") was incorporated in the Cayman Islands on 26 February 2010 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The consolidated financial statements of the Company as at and for the year ended 31 December 2011 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.

Pursuant to a group reorganisation completed on 13 November 2010 (the "Reorganisation") to rationalise the Group's structure in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 20 April 2011 (the "Prospectus"). The shares of the Company were listed on the Stock Exchange on 17 May 2011.

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") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

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

3 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2011 comprise the Group.

These financial statements have been prepared using the merger basis of accounting as if the Group has always been in existence since 1 January 2010 (or where companies were incorporated/established at a date later than 1 January 2010, since their respective dates of incorporation/establishment), as the companies now comprising the Group were controlled by the same ultimate equity shareholder, namely Mr Kang Baohua (the "Controlling Shareholder"), before and after the Reorganisation.

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 value.

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 and one new Interpretation that are first effective for the current accounting period of the Group and of the Company. Of these, the following developments are relevant to the Group's financial statements:

- IAS 24 (revised 2009), *Related party disclosures*
- Improvements to IFRSs (2010)
- IFRIC 19, *Extinguishing financial liabilities with equity instruments*

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

IFRIC 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction.

The impacts of other developments are discussed below:

- IAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous period. IAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.
- Improvements to IFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in IFRS 7, *Financial Instruments: Disclosures*. The disclosures about the Group's financial instruments have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

5 TURNOVER AND SEGMENT REPORTING

(a) Turnover

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

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

The Group's customer base is diversified. There was no customer with transactions that exceeded 10% of the Group's turnover for the years ended 31 December 2011 and 2010.

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: comprised construction contracts carried out in the northeastern region of the People's Republic of China (the "PRC"), which included Liaoning, Jilin, Heilongjiang, Shandong, Henan and Inner Mongolia provinces and autonomous region;

- North China: comprised construction contracts carried out in the northern region of the PRC, which included Hebei and Shanxi provinces, Beijing and Tianjin;

- East China: comprised construction contracts carried out in the eastern region of the PRC, which included Jiangsu, Zhejiang, Anhui and Jiangxi provinces, and Shanghai;

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

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

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

(i) Segment results, assets and liabilities

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

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

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. However, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

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

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue, interest income and finance costs related to each segment, and depreciation, amortisation, impairment losses, and additions to non-current segment assets used by the segments in their operations. No significant inter-segment sales have occurred for the years ended 31 December 2011 and 2010.

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 2011 and 2010 is set out below.

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

	Northeast China *RMB'000*	North China *RMB'000*	East China *RMB'000*	2010 West China *RMB'000*	South China *RMB'000*	Overseas *RMB'000*	Total *RMB'000*
Revenue from external customers and reportable segment revenue	1,230,962	1,051,480	2,085,631	870,868	736,353	3,285,618	9,260,912
Reportable segment profit (adjusted EBITDA)	138,161	134,650	286,496	104,675	34,057	497,422	1,195,461
Interest income	236	528	644	62	83	4,667	6,220
Finance costs	1,559	663	2,200	1,278	828	32,702	39,230
Depreciation and amortisation	5,254	11,161	12,050	3,800	4,470	28,835	65,570
Reportable segment assets	1,095,640	864,616	1,289,633	524,467	435,188	2,119,555	6,329,099
Additions to non-current segment assets during the year	12,094	21,055	47,717	2,004	8,672	10,324	101,866
Reportable segment liabilities	566,601	460,005	718,641	308,028	323,622	1,169,197	3,546,094

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

	2011	2010
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue and consolidated turnover	**10,797,007**	9,260,912
Profit		
Reportable segment profit	**1,204,658**	1,195,461
Depreciation and amortisation	**(89,873)**	(78,779)
Finance costs	**(156,779)**	(84,805)
Net gain on disposal of property, plant and equipment and land use rights classified as unallocated corporate assets	**117,190**	355
Unallocated head office and corporate expenses	**(36,112)**	(30,875)
Consolidated profit before taxation	**1,039,084**	1,001,357
Assets		
Reportable segment assets	**8,576,866**	6,329,099
Property, plant and equipment	**146,196**	191,858
Lease prepayments	**238,514**	263,465
Deferred tax assets	**156,931**	95,006
Unallocated head office and corporate assets	**1,171,957**	198,861
Elimination of receivables between segments, and segments and head office	**(211,972)**	(209,113)
Consolidated total assets	**10,078,492**	6,869,176
Liabilities		
Reportable segment liabilities	**4,423,799**	3,546,094
Bank and other loans	**1,507,462**	1,827,474
Income tax payable	**210,450**	140,222
Redeemable convertible preference shares	**–**	302,201
Deferred tax liabilities	**1,021**	222
Unallocated head office and corporate liabilities	**127,685**	395,398
Elimination of payables between segments, and segments and head office	**(211,972)**	(209,113)
Consolidated total liabilities	**6,058,445**	6,002,498

(iii) Geographic information

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

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

	2011	2010
	RMB'000	*RMB'000*
The PRC (excluding Hong Kong and Macau) (Place of domicile)	**7,177,097**	5,975,294
United Arab Emirates	**1,041,142**	1,021,649
Australia	**1,012,933**	791,382
Russian Federation	**194,141**	318,094
United Kingdom	**179,210**	85,571
State of Qatar	**153,763**	103,903
Switzerland	**137,589**	91,398
Republic of Azerbaijan	**98,561**	14
Hong Kong	**96,866**	21,233
Kingdom of Jordan	**96,574**	123,055
Kingdom of Saudi Arabia	**82,865**	1,370
Socialist Republic of Vietnam	**64,275**	158,517
Republic of Mauritius	**61,054**	5,209
State of Kuwait ("Kuwait")	**59,663**	108,966
France	**58,426**	6,344
Germany	**46,269**	91,703
United States of America	**23,670**	86,466
Republic of India ("India")	**22,507**	65,675
Others	**190,402**	205,069
	3,619,910	3,285,618
	10,797,007	9,260,912

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

	2011	2010
	RMB'000	*RMB'000*
Northeast China	**78,747**	41,009
North China	**55,509**	70,960
East China	**145,302**	153,095
West China	**13,961**	16,239
South China	**49,264**	53,449
Overseas	**593,736**	599,552
Head office and corporate assets	**384,710**	455,323
	1,321,229	1,389,627

6 OTHER REVENUE AND OTHER NET INCOME

	2011	2010
	RMB'000	*RMB'000*
Other revenue		
Government grants	**20,841**	15,911
Rental income from operating leases	**2,521**	2,221
	23,362	18,132
Other net income		
Net gain from sale of raw materials	**5,500**	1,693
Net gain/(loss) on disposal of property, plant and equipment and land use rights *(Note (i))*	**113,619**	(1,574)
	119,119	119

Note:

(i) The amount included a gain of RMB114.2 million arising from the expropriation of the land use rights of one of the Group's PRC subsidiaries by the local government authority during the year ended 31 December 2011.

7 PROFIT BEFORE TAXATION

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

(a) Finance costs:

	2011	2010
	RMB'000	*RMB'000*
Interest on bank advances and other borrowings wholly repayable within five years	**103,796**	45,832
Bank charges and other finance costs	**44,639**	40,583
Total borrowing costs	**148,435**	86,415
Interest income	**(9,027)**	(6,784)
Net foreign exchange loss	**56,873**	15,943
Forward foreign exchange contracts: cash flow hedges, reclassified from equity	**(39,502)**	(10,769)
	156,779	84,805

No borrowing costs have been capitalised for the year ended 31 December 2011 (2010: RMBNil).

(b) Staff costs#:

	2011 *RMB'000*	2010 *RMB'000*
Salaries, wages and other benefits	**1,156,894**	935,946
Contributions to defined contribution retirement plans	**80,615**	53,385
	1,237,509	989,331

(c) Other items:

	2011 *RMB'000*	2010 *RMB'000*
Depreciation and amortisation#	**89,873**	78,779
Impairment losses on trade and other receivables	**62,979**	31,173
Operating lease charges in respect of land, plant and buildings, motor vehicles and other equipment#	**63,725**	68,463
Auditors' remuneration – audit services	**7,534**	786
Research and development costs#	**248,930**	200,807
Increase in provision for warranties#	**49,200**	43,161
Cost of inventories#	**8,490,988**	7,186,741

\# Cost of inventories includes RMB652.9 million for the year ended 31 December 2011 (2010: RMB558.4 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 income statement represents:

	2011 *RMB'000*	2010 *RMB'000*
Current taxation:		
– PRC income tax	**238,766**	197,815
– Overseas income tax	**33,449**	20,227
	272,215	218,042
Deferred taxation:		
– Origination and reversal of temporary differences	**(63,587)**	(3,902)
– Effect on deferred tax balances resulting from a change in tax rate *(Note 8(b)(vii))*	**4,854**	–
	(58,733)	(3,902)
	213,482	214,140

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

	2011	2010
	RMB'000	*RMB'000*
Profit before taxation	**1,039,084**	1,001,357
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(Notes (i), (ii), (iii) and (iv))*	**263,057**	259,695
Tax effect of non-deductible expenses *(Note (v))*	**19,002**	13,931
Tax effect of unused tax losses not recognised	**17,268**	7,352
Tax concessions *(Note (vi))*	**(90,699)**	(66,838)
Tax effect of change in tax rate *(Note (vii))*	**4,854**	–
Income tax	**213,482**	214,140

Notes:

(i) No provision for Hong Kong Profits Tax has been made, as the Company and the subsidiaries of the Group incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for the year ended 31 December 2011 (2010: 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 PRC subsidiaries of the Group are subject to PRC Corporate Income Tax rate of 25% for the year ended 31 December 2011 (2010: 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 2011 pursuant to the rules and regulations of their respective countries of incorporation (2010: 8.5% to 35%).

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

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

(vii) The same subsidiary mentioned in Note 8(b)(vi) has obtained approval from the tax bureau to be taxed as an enterprise with advanced and new technologies. This subsidiary will therefore enjoy a preferential PRC Corporate Income Tax rate of 15% for the two years ending 31 December 2012 and 2013. Accordingly, certain deferred tax assets and deferred tax liabilities as at 31 December 2011 have been remeasured using the preferential PRC Corporate Income Tax rate of 15%.

9 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the year ended 31 December 2011 is calculated based on the profit attributable to equity shareholders of the Company of RMB850.3 million and the weighted average of 5,455,985,000 ordinary shares, comprising:

(i) 10,000 ordinary shares in issue as at the date of the Prospectus and 4,211,501,500 ordinary shares issued pursuant to the capitalisation issue on 17 May 2011, as if the 4,211,511,500 ordinary shares were outstanding throughout the year ended 31 December 2011;

(ii) 685 ordinary shares issued on the conversion of the redeemable convertible preference shares and 288,487,815 ordinary shares issued pursuant to the capitalisation issue on 17 May 2011;

(iii) 1,500,000,000 ordinary shares issued on 17 May 2011 by initial public offering; and

(iv) 208,734,000 ordinary shares issued on 1 June 2011 by the exercise of the over-allotment option.

The basic earnings per share for the year ended 31 December 2010 is calculated based on the profit attributable to equity shareholders of the Company of RMB806.1 million and the weighted average of 4,211,511,500 ordinary shares, comprising 10,000 ordinary shares in issue as at the date of the Prospectus and 4,211,501,500 ordinary shares issued pursuant to the capitalisation issue on 17 May 2011, as if the 4,211,511,500 ordinary shares were outstanding throughout the year ended 31 December 2010.

The calculation of the outstanding ordinary shares during the years ended 31 December 2011 and 2010 was as follows:

	2011	2010
	'000	*'000*
Issued ordinary shares at 1 January	**10**	–
Effect of shares issued on 26 February 2010 and 10 November 2010 *(Note 13(b)(ii))*	**–**	10
Effect of capitalisation issue on 17 May 2011 *(Note 13(b)(iii))*	**4,211,501**	4,211,501
Effect of conversion of redeemable convertible preference shares and the related capitalisation issue on 17 May 2011 *(Note 13(b)(iii))*	**180,997**	–
Effect of shares issued by initial public offering on 17 May 2011 *(Note 13(b)(iv))*	**941,096**	–
Effect of shares issued by exercise of over-allotment option on 1 June 2011 *(Note 13(b)(iv))*	**122,381**	–
Weighted average number of ordinary shares at 31 December	**5,455,985**	4,211,511

(b) Diluted earnings per share

There were no dilutive potential shares outstanding for the years ended 31 December 2011 and 2010.

10 GROSS AMOUNT DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2011	2010
	RMB'000	*RMB'000*
Contract costs incurred plus recognised profits less recognised losses in connection with construction contracts in progress at year end	**19,255,189**	14,525,992
Less: progress billings	**(16,288,811)**	(12,724,556)
	2,966,378	1,801,436
Gross amount due from customers for contract work *(Notes (i) and (ii))*	**3,843,624**	2,684,915
Gross amount due to customers for contract work *(Note (iii))*	**(877,246)**	(883,479)
	2,966,378	1,801,436

Notes:

(i) Except for amounts of RMB96.6 million at 31 December 2011 (31 December 2010: RMB60.4 million), all of the remaining gross amount due from customers for contract work are expected to be recovered within one year.

(ii) Included in the gross amount due from customers for contract work are amounts of RMB29.8 million at 31 December 2011 (31 December 2010: RMB58.9 million) due from affiliates of the Controlling Shareholder.

(iii) All of the gross amount due to customers for contract work are expected to be recognised as revenue within one year.

11 TRADE AND BILLS RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivable for contract work due from:		
– Third parties	**1,854,965**	1,297,751
– Affiliates of the Controlling Shareholder	**6,941**	22,111
	1,861,906	1,319,862
Bills receivable for contract work	**128,165**	20,320
Trade receivable for sale of raw materials due from:		
– Third parties	**1,298**	1,645
– Affiliates of the Controlling Shareholder	**1,514**	2,717
	2,812	4,362
	1,992,883	1,344,544
Less: allowance for doubtful debts	**(175,616)**	(112,656)
	1,817,267	1,231,888

At 31 December 2011, the amount of retentions receivable from customers included in trade and bills receivables (net of allowance for doubtful debts) is RMB268.1 million (31 December 2010: RMB247.6 million).

Except for retentions receivable (net of allowance for doubtful debts) of RMB158.1 million at 31 December 2011 (31 December 2010: RMB114.4 million), all of the remaining trade and bills receivables are expected to be recovered within one year.

The Group generally requires customers to settle progress billings in accordance with contracted terms and other debts in accordance with agreements. Credit terms may be granted to customers, depending on credit assessment carried out by management on an individual customer basis. Normally, the Group does not obtain collateral from customers.

Included in trade and bills receivables are debtors (net of allowance for doubtful debts) with the following ageing analysis as of the end of the reporting period:

	2011	2010
	RMB'000	*RMB'000*
Within 1 month	**706,537**	452,640
More than 1 month but less than 3 months	**391,885**	244,390
More than 3 months but less than 6 months	**384,262**	247,111
More than 6 months	**334,583**	287,747
	1,817,267	1,231,888

Receivables that were past due but not impaired relate to a wide range of customers for whom there was no recent history of default and had a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

12 TRADE AND BILLS PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payable for purchase of inventories due to:		
– Third parties	**1,905,966**	1,121,789
– Affiliates of the Controlling Shareholder	**9,832**	68,356
	1,915,798	1,190,145
Trade payable due to sub-contractors	**115,765**	92,739
Bills payable	**639,570**	509,912
Financial liabilities measured at amortised cost	**2,671,133**	1,792,796

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

Included in trade and bills payables are creditors with the following ageing analysis as of the end of the reporting period:

	2011	2010
	RMB'000	*RMB'000*
Due within 1 month or on demand	**2,092,453**	1,526,376
Due after 1 month but within 3 months	**156,941**	81,100
Due after 3 months	**421,739**	185,320
	2,671,133	1,792,796

13 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	2011	2010
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of HK$0.04 per ordinary share (2010: HK$Nil per ordinary share)	**201,337**	–

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

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year

The directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2010 (2009: RMBNil).

(b) Paid-in/Share capital

For the purpose of these financial statements, the paid-in capital of the Group at 1 January 2010 (i.e. prior to the Reorganisation) represented the paid-in capital of Shenyang Yuanda Aluminium Industry Engineering Co., Ltd. ("Shenyang Yuanda"), a wholly owned subsidiary of the Group, whereas the share capital of the Group at 31 December 2011 and 2010 represented the amount of issued and paid-up capital of the Company, with details set out below:

	2011		2010	
	No. of shares '000	***HK$'000***	*No. of shares '000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.1 each *(Note (i))*	**12,000,000**	**1,200,000**	3,799	379
Preference shares of HK$0.1 each *(Note (i))*	**–**	**–**	1	1

	2011		2010	
	No. of shares '000	***RMB'000***	*No. of shares '000*	*RMB'000*
Issued and fully paid:				
At 1 January	**10**	**1**	–	–
Issuance of shares *(Note (ii))*	**–**	**–**	10	1
Conversion of redeemable convertible preference shares *(Note (iii))*	**1**	**1**	–	–
Capitalisation issue *(Note (iii))*	**4,499,989**	**376,739**	–	–
Issuance of shares by initial public offering and exercise of over-allotment option *(Note (iv))*	**1,708,734**	**142,982**	–	–
At 31 December	**6,208,734**	**519,723**	10	1

(i) Authorised share capital

On 26 February 2010, the Company's date of incorporation, the Company's authorised share capital was HK$380,000, comprising 3,800,000 ordinary shares of HK$0.1 each.

On 19 November 2010, the directors of the Company passed resolutions to redesignate and reclassify the Company's authorised share capital of 3,800,000 ordinary shares into 3,799,315 authorised ordinary shares of HK$0.1 each and 685 authorised preference shares of HK$0.1 each.

On 12 April 2011, the equity shareholders of the Company resolved to increase the authorised ordinary share capital of the Company from 3,799,315 ordinary shares of HK$0.1 each to 12,000,000,000 ordinary shares of HK$0.1 each, where the 685 authorised preference shares of HK$0.1 each remained unchanged.

On 17 May 2011, upon the conversion of the redeemable convertible preference shares into 685 of the Company's ordinary shares, the authorised preference share capital of 685 preference shares of HK$0.1 each was cancelled and diminished.

(ii) Issuance of shares

The Company issued 1 ordinary share at par on 26 February 2010 and 9,999 ordinary shares at par on 10 November 2010, and the shares issued have been fully paid up.

On 19 November 2010, the Company allotted and issued 685 redeemable convertible preference shares to the Preference Shareholder for an aggregate subscription price of United States Dollar ("USD") 50.0 million.

(iii) Conversion of redeemable convertible preference shares and capitalisation issue

Pursuant to the resolutions passed by the equity shareholders of the Company on 12 April 2011 and upon the listing of the Company's shares on the Stock Exchange on 17 May 2011, the 685 redeemable convertible preference shares were converted into fully paid ordinary shares, and an additional amount of HK$449,998,931.5 (equivalent to approximately RMB376,739,000) standing to the credit of the share premium account was applied in paying up in full 4,499,989,315 ordinary shares of HK$0.1 each which were allotted and distributed as fully paid to equity shareholders whose names appeared on the register of members of the Company at the close of business on 12 April 2011 in proportion to their then shareholdings in the Company.

(iv) Issuance of shares by initial public offering and exercise of over-allotment option

On 17 May 2011, 1,500,000,000 ordinary shares of HK$0.1 each were issued and offered for subscription at a price of HK$1.5 each upon the listing of the shares of the Company on the Stock Exchange. On 1 June 2011, the Company exercised the over-allotment option in connection with the listing of its shares on the Stock Exchange and issued an additional 208,734,000 ordinary shares of HK$0.1 each at a price of HK$1.5 each. The proceeds of HK$170,873,400 (equivalent to approximately RMB142,982,000), representing the par value, were credited to the Company's share capital. The remaining proceeds of approximately HK$2,392,227,600 (equivalent to approximately RMB2,001,750,000) and the share issuance expenses of RMB100,546,000 were credited and debited, respectively, to the share premium account.

14 CONTINGENT LIABILITIES

(a) Guarantees issued

At 31 December 2011, the Group has issued the following guarantees:

	2011	2010
	RMB'000	*RMB'000*
Guarantees for construction contracts' bidding, performance and retentions	**2,162,281**	2,221,102

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 and Yuanda Aluminium Engineering (India) Private Limited ("Yuanda India"), both wholly owned subsidiaries of the Group, jointly received a notice that they are being sued by a former sub-contractor in India in respect of Shenyang Yuanda's and Yuanda India's non-performance of the terms as stipulated in the sub-contract agreement entered into between Shenyang Yuanda and this former sub-contractor. Shenyang Yuanda has also made a counterclaim against this sub-contractor for non-performance of the sub-contract agreement. As at the date of these financial statements, the above lawsuit is under reviewed before the Arbitral Tribunal of New Delhi in India. If Shenyang Yuanda and Yuanda India are found to be liable, the total expected monetary compensation may amount to approximately Indian Rupees 1,410.8 million (equivalent to approximately RMB171.1 million) plus accrued interest. Both Shenyang Yuanda and Yuanda India continue to deny any liability in respect of the non-performance of the terms of the sub-contract agreement and, based on legal advice, the directors of the Company do not believe it is probable that the arbitration tribunal will find against Shenyang Yuanda and/or Yuanda India. No provision has therefore been made in respect of this claim.

(ii) In April 2009, Shenyang Yuanda received a notice that it is being sued by a construction agent in Kuwait in respect of damages arose from the termination of the agency agreement entered into between Shenyang Yuanda and this former agent. As at the date of these financial statements, the above lawsuit is under reviewed before the Court of First Instance in Kuwait. If Shenyang Yuanda is found to be liable, the total expected monetary compensation may amount to approximately Kawaiti Dinar 11.2 million (equivalent to approximately RMB255.2 million). Shenyang Yuanda continues to deny any liability in respect of the claim and, based on legal advice, the directors of the Company do not believe it is probable that the court will find against Shenyang Yuanda. No provision has therefore been made in respect of this claim.

(iii) In September 2011, Shenyang Yuanda filed a lawsuit against a customer in respect of its non-payment of RMB25.1 million arose from the work carried out for this customer by Shenyang Yuanda. In October 2011, this customer filed a counterclaim against Shenyang Yuanda for its delay of the construction work. As at the date of these financial statements, the above lawsuit is under reviewed before the High People's Court of Shandong Province. If Shenyang Yuanda is found to be liable, the total expected monetary compensation may amount to approximately RMB75.1 million. Shenyang Yuanda 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 Shenyang Yuanda. No provision has therefore been made in respect of this counterclaim.

(iv) In addition to the lawsuits and arbitration mentioned in Notes 14(b)(i) to 14(b)(iii), certain subsidiaries of the Group are named defendants on other lawsuits or arbitrations in respect of construction work carried out by them. The directors of the Company consider the amounts involved in these lawsuits and arbitrations are insignificant to the Group, both individually and in aggregate. As at the date of these financial statements, the above lawsuits and arbitrations are under reviewed before courts or arbitrators. If these subsidiaries are found to be liable, the total expected monetary compensation may amount to approximately RMB31.6 million. Based on legal advice, the directors of the Company do not believe it is probable that the courts or arbitrators will find against these subsidiaries of the Group on these lawsuits and arbitrations. No provision has therefore been made in this respect.

15 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Establishment of an associate

On 24 August 2010, Shenyang Yuanda has entered into a memorandum of understanding (the "MOU") with a third party in the establishment of a glass manufacturing company. Pursuant to the MOU, which is subject to further negotiation between Shenyang Yuanda and this third party and the finalisation of the related agreement, Shenyang Yuanda will obtain 49% equity interests in this new glass manufacturing company through the contributions of RMB36.8 million in the form of land use rights, production plant and equipment, and cash.

As at the date of these financial statements, the above transaction has yet to be completed.

(b) Acquisition of assets and business from an affiliate of the Controlling Shareholder

On 9 December 2011, Shenyang Yuanda Metal Coating Co., Ltd., a wholly owned subsidiary of the Group, entered into an acquisition agreement with Shenyang Brilliant Elevator Co., Ltd. ("Brilliant Elevator"), an affiliate of the Controlling Shareholder, to acquire the assets and business of Brilliant Elevator for a consideration subsequently determined to be RMB23.9 million.

The above acquisition has been completed on 28 February 2012. The directors of the Company have confirmed that the Group has commenced considering the potential financial impact of the above acquisition but is not yet in a position to determine the potential financial impact of the above acquisition on the Group's results of operations in future periods and financial position at future dates.

(c) Proposed final dividends

On 22 March 2012, the directors of the Company have proposed a final dividend. Further details are disclosed in Note 13(a).

BUSINESS REVIEW

The Group is principally engaged in the provision of one-stop integrated curtain wall solutions for our customers to meet the technical specifications and performance requirements of their projects. Our services include the design of curtain wall systems, procurement of materials, fabrication and assembly of curtain wall products, performance testing, installation of products at construction sites, and after-sales services. Our curtain wall solutions are mainly for office buildings, hotels, shopping centers, casinos, exhibition halls, airports and stadiums. We believe we are a leading curtain wall provider with a comprehensive product portfolio. We have further developed various curtain wall products by using more complex designs, new materials and advanced technologies to serve different functions, such as environmental protection, energy conservation and intelligent control. Such products include double-skin curtain walls, photovoltaic curtain walls, ecologically friendly curtain walls, video curtain walls and membrane structure curtain walls. We also provide ancillary products related to curtain wall systems, including skylights, metal roofs, canopy systems, shading systems, balustrade and breast board systems, and energy-saving aluminum alloy doors and windows.

The profit attributable to equity shareholders of the Company increased by approximately 5.5% from the last corresponding period to about RMB850.3 million of 2011.

Newly-awarded Projects

	2011		2010	
	Number of projects	**RMB million**	Number of projects	RMB million
PRC	**178**	**10,272**	195	6,577
Overseas	**48**	**3,380**	57	4,528
Total	**226**	**13,652**	252	11,105

In 2011, the Group undertook 226 new projects with an amount of approximately RMB13,652 million, an increase of approximately 22.9% as compared to 2010. Affected by overseas economic slowdown and the Euro debt crisis in 2011, the Group's overseas new orders were in decline. However, the PRC's demands continued to grow, with new orders' amount climbing up by 56.2%, which could compensate for the impact of the drop in overseas orders. Leveraging on its industrial leading position both in the PRC and overseas, the Group managed to secure certain landmark projects in 2011, including:

- Shanghai Tower, which is situated in Shanghai, is expected to be the tallest building in the PRC and the second tallest building worldwide with a height of 632 meters and a contract amount of approximately RMB408 million

- Sanya Beauty Crown 7 Star Hotel, with a contract amount of approximately RMB450 million

- Leadenhall Building in London, with a contract amount of approximately RMB350 million

- 100 Bishop Gate in U.K., with a contract amount of approximately RMB290 million
- Stadium of Dalian Sports Center, with a contract amount of approximately RMB284 million
- Tianjin Kerry Center, with a contract amount of approximately RMB181 million
- Headquarter of China Development Bank, with a contract amount of approximately RMB159 million

Backlog

	As at 31 December 2011 Remaining value of contracts		As at 31 December 2010 Remaining value of contracts	
	Number	**RMB million**	Number	RMB million
PRC	**391**	**10,539**	398	7,444
Overseas	**99**	**6,647**	91	6,887
Total	**490**	**17,186**	489	14,331

As at 31 December 2011, the remaining value of backlog amounted to approximately RMB17,186 million in total, which well-secured the Group's future income.

With respect to our production capacity expansion, part of the construction of our new plant in Anshan was completed and is expected to commence production in 2013, which will increase the annual production capacity of the Group by 1.0 million square meters. We were planning to acquire land of 150 Chinese mu in Chengdu and prepare to set up a new plant, which is expected to be put in use in 2013 and would increase the annual production capacity of the Group to 1.6 million square meters. A subsidiary in Shanghai has also been planning to purchase land. Production capacity expansion is expected to be completed by mid 2013, by then the annual production capacity would be enhanced from 2.6 million square meters to approximately 4.0 million square meters.

Major awards

Under the technology strategic guideline of "Low carbon, Function, Safety" established by the Group, industrial-leading, medium-end and high-end products of low-carbon and energy-saving characteristics have been successively developed, which enabled the Group to make a number of scientific and technological achievements as well as obtain technological patents. In 2011, the Group won a First Class State Scientific and Technological Progress Prize, two Provincial Achievements of Science and Technology Awards and seven Luban Awards (China's national award for construction excellence in projects). The Group was awarded the "CCMSA 30th Anniversary Outstanding Enterprise".

Business Prospects

Key development regions in the future

With respect to overseas, the Group's overseas business was partly affected by the sluggish recovery of the economy in Europe and the US and the panic resulted from the debt crisis in Greece, which spread among markets. The Group, however, continued to adopt a positive strategy to exploit the overseas markets. In 2011, newly-awarded projects in Europe soared by 139%, hitting RMB1,112 million. The Group succeeded in entering the market of Brazil in South America and won two projects. For the South-Asian region, up to the date of this report, we won the contract for World One Tower in India, which is the tallest residential building in the world. The emphasis on future overseas development will be on such regions like Europe, North America, South America and South Asia, and lift up the revenue from the overseas step by step by further expanding market shares in these regions.

With respect to the PRC, a series of real estate adjustment and control measures in the PRC led to a shift on real estate investment from the nearly-saturated residence market to commercial real estate investment. Several real estate giants increased their investment in the field of commercial real estate, to which they could gradually shift their focus, and looked towards to building a strategic partnership with the Group, as would effectively propel the development of the PRC's curtain wall industry. In the meanwhile, ports, airports, railways, real estate and hotel industries related infrastructure will be benefited subsequently from the heavy investment in infrastructure as a result of the launch of the "12th Five-Year Plan for Further Promoting the Economy of the Western Regions" (the "Plan"). The Group will seize the opportunity and intensify its efforts on market exploitation. Furthermore, with the development of urbanization and the rise of Central and Western Regions, there is ever-increasing room for second-tier and third-tier cities to develop. Based on our extensive sales networks developed in the past, we believe that there is enormous growth potential in the future.

Continue to strengthen the efforts in research and development

We possess one of the strongest research, development and design teams among all major curtain wall providers in the world. Our research, development and design team mainly focuses on developing cutting-edge products and technologies that represent the latest industry trends, developing innovative integrated solutions tailored to customers' needs, improving existing products, enhancing production efficiency and reducing costs. Among the newly-awarded projects in 2011, approximately RMB1,654 million (12%) was related to new curtain wall systems mainly including double-skin energy-saving curtain wall, LED curtain wall and membrane structure curtain wall.

In addition, in 2011, we have applied for the registration of 667 new patents on our curtain wall products and technologies, among which application of 551 patents were accepted by the State Intellectual Property Office of the PRC and pending for approval, and 96 patents have obtained the relevant certification. By the end of 2011, the Group has 144 national patents on hand. We are also committed to developing new and innovative curtain wall products and technologies to be used in our curtain wall projects in order to consolidate our technological leading position.

With the Group's leading position in the PRC's and the global markets, proven track record, advanced research, development and design capabilities, extensive sales and marketing network around the world, strong production and processing capacity, full range of high-quality services and experienced management team, the management has full confidence in the long-term development potential of our Company. We will spare no effort to generate the maximum value and return for our equity shareholders.

Financial Review

Turnover

For the financial year ended 31 December 2011, the Group's turnover increased by approximately RMB1,536.1 million, or 16.6%, from RMB9,260.9 million in 2010 to RMB10,797.0 million. The increase in turnover was primarily due to the following reasons:

1) The Group has consolidated its leading position in the industry in the PRC with its turnover derived from domestic projects increasing by approximately RMB1,201.8 million, or 20.1%, from RMB5,975.3 million in 2010 to RMB7,177.1 million in 2011. The increase during the year was mainly related to public facilities and commercial buildings.

2) The turnover derived from the overseas projects increased by 10.2% from RMB3,285.6 million in 2010 to RMB3,619.9 million in 2011. The increase during the year was mainly related to the construction projects in Australia, Europe and the Middle East.

Cost of sales

During the year ended 31 December 2011, the Group's cost of sales amounted to RMB8,491.0 million, representing an increase of 18.1% over RMB7,186.7 million in 2010. The increase in cost of sales was mainly due to i) the overseas economic slowdown and prolongation of some engineering projects abroad which caused an increase in the installation cost; and ii) more investment in the research and development of the Group in 2011 with expenditure increasing around 24.0% as compared with that of 2010.

Gross profit and gross profit margin

The Group's gross profit increased by RMB231.8 million, or 11.2%, from RMB2,074.2 million in 2010 to RMB2,306.0 million in 2011. Our gross profit margin dropped to 21.4% in 2011 from 22.4% in 2010. The domestic projects achieved satisfactory results with gross profit margin of 22.7%, representing a significant increase from 20.1% over 2010. With respect to overseas, the European, Russian and US markets delivered stable performances with gross profit margin remains at above 25.0%. However, due to the prolongation of some engineering projects in Australia and Middle East, more installation costs incurred which resulted in a drop of the overall gross profit margin of the overseas projects to 18.8% (2010: 26.7%).

Other revenue

Other revenue increased by RMB5.3 million from RMB18.1 million in 2010 to approximately RMB23.4 million in 2011. This was mainly due to an increase in one-off government subsidy of RMB4.9 million.

Other net income

Other net income primarily comprises net gain from the sale of raw materials and gain on disposal of land, property, plant and equipment. Other net income increased by RMB119.0 million from RMB0.1 million in 2010 to RMB119.1 million in 2011. This was mainly due to the disposal of fixed assets and land in 2011. When our new plant located in Shenyang was completed and commenced operation at the end of 2007, the old plant and land were resumed by the local government and cash compensation was granted which brought about net income of RMB114.2 million after deducting the costs incurred.

Selling expenses

Selling expenses increased by RMB32.1 million, or 16.5%, from RMB194.0 million in 2010 to RMB226.1 million in 2011. Such increase was in line with an increase in turnover. Selling expenses in 2011 accounted for 2.1% of the turnover, which was similar to that of 2010.

Administrative expenses

The Group's administrative expenses in 2011 were approximately RMB1,026.5 million as compared with RMB812.3 million in 2010, representing an increase of RMB214.2 million or 26.4%. Such increase was primarily due to:

1) an increase of RMB159.7 million in staff salaries and benefits as a result of salary raises and an increase in the number of our administrative staff in line with revenue growth. The average number of operation and management staff in 2011 increased by 705, or 14.5%, from last year. In order to cope with business expansion in the years ahead, the project management staff reserve was increased in early 2011 and the management believes that it is unlikely to have any substantial increment in the coming years.

2) impairment losses on trade and other receivables increased by RMB31.8 million from RMB31.2 million in 2010 to RMB63.0 million in 2011. As creditors of a project owner in Russia have applied for liquidation of the project owner, we had made bad debts provision of approximately RMB37.6 million for the outstanding payment from that owner.

Administrative expenses accounted for 9.5% of the revenue (2010: 8.8%).

Finance costs

Finance costs increased by RMB72.0 million, or 84.9%, from approximately RMB84.8 million in 2010 to RMB156.8 million in 2011. This was primarily due to the interest expenses on the bridge loan of HK$820 million granted by Standard Chartered Bank during the year for the reorganization for the Group in preparation for the listing and the increase of average balance of other bank loans and average interest rate. The bridge loan was settled on the listing date in 2011 so it would not cause any impact in 2012.

Income tax

Income tax slightly decreased by RMB0.6 million, or 0.3%, from RMB214.1 million in 2010 to RMB213.5 million in 2011. Our effective tax rate slightly decreased from 21.4% in 2010 to 20.5% in 2011.

Profit attributable to our equity shareholders

For the financial year ended 31 December 2011, profit attributable to equity shareholders of the Company was approximately RMB850.3 million (2010: RMB806.1 million), representing an increase of approximately 5.5% as compared with 2010. Basic and diluted earnings per share were RMB0.16 (2010: RMB0.19), down 15.8% from 2010. This was due to the increase of shares after initial public offerings in 2010.

Net current assets and financial resources

As at 31 December 2011, the Group's net current assets was RMB2,817.2 million (31 December 2010: net current liabilities of RMB268.2 million). The Group funds its working capital requirements through its global offering in 2011 and through cash inflow from its operations to maintain a stable financial position. As at 31 December 2011, the Group's cash and cash equivalents amounted to RMB1,944.5 million (31 December 2010: RMB533.7 million).

Bank loans and gearing ratio

As at 31 December 2011, the Group's total bank borrowings amounted to RMB1,507.5 million (31 December 2010: RMB1,827.5 million). The Group's gearing ratio (total loans divided by total equity shareholders' interest) was 37.5% (31 December 2010: 210.9%). Such substantial decrease in the gearing ratio was due to the fund raised by the Group from the global offering in the first half of 2011 and the repayment of bridge loan to Standard Chartered Bank.

Receivables/Trade and bills payables turnover days

	2011	2010
Receivables	**132 days**	87 days
Trade and bills payables	**126 days**	101 days

The calculation of the receivables turnover days is based on the average amount of net trade and bills receivables and 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 financial year divided by total turnover of the corresponding period and multiplied by 365 days. The calculation of the payables turnover days is based on the average amount of trade and bills payables as at the beginning and ending of the financial year divided by raw materials and installation costs of the corresponding period and multiplied by 365 days. The receivables turnover days as at 31 December 2011 increased mainly due to the slowdown of global economic growth, Europe's credit crisis and the tightened credit control in the PRC, which resulted in a longer trade receivables due from domestic and overseas customers. To lower the credit risk, individual credit evaluations are performed on all customers. These evaluations focus on the customer's history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. In addition, the management has taken measures to speed up the collection of receivables and it is expected that the receivables turnover days will decrease in 2012. On the other hand, since we have a strong and long-term relationship with most of the suppliers, the payables turnover days also increased in line with the receivables turnover days.

Inventories and inventory turnover days

The calculation of the inventory turnover days is based on the average amount of inventories as at the beginning and the end of the financial year divided by raw materials costs of the corresponding period and multiplied by 365 days. Our inventories primarily consist of materials used in fabrication of curtain wall products, including aluminum extrusions, glass, steel and sealant. The Group's inventory balance as at 31 December 2011 was RMB457.2 million (31 December 2010: RMB366.8 million). For the year ended 31 December 2011, inventory turnover days were 33 days, representing an increase of 4 days as compared with 29 days in 2010. The slight increase in inventories and inventory turnover days was mainly due to the commencement of more projects.

Capital expenditure

In 2011, the Group's capital expenditure amounted to approximately RMB86.8 million, which was mainly related to the expenses incurred on acquiring land, constructing plant and equipment.

Foreign exchange risk

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

Contingent liabilities

The Company's contingent liabilities as at 31 December 2011 are set out in Note 14.

Global offering and use of proceeds

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

As stated in the Company's Prospectus dated 20 April 2011 and supplementary Prospectus dated 5 May 2011, the Company intended to use the proceeds for expansion of its production capacity, repayment of its existing debts, investment in research and development, expanding its sales and marketing network. As at 31 December 2011, approximately HK$1,252 million of proceeds from the global offering (expansion of production capacity: HK$107 million; repayment of its existing debts (mainly comprised of the bridge loan of Standard Chartered Bank): HK$820 million; investment in research and development: HK$175 million; and expanding its sales and marketing network: HK$150 million) was utilized in aggregate. The remaining proceeds will be used as stated in the Prospectus and the supplementary Prospectus of the Company.

Human resources

As of 31 December 2011, the Group had 13,009 (31 December 2010: 12,721) full-time employees in total. The Group has sound policies of management incentives and competitive remuneration, which aligns the interests of management, employees and equity shareholders' alike. The Group sets its remuneration policy by reference to the prevailing market conditions and the performance of the individuals concerned, subject to review from time to time. The components of the remuneration package consist of base salary, allowances, fringe benefits including medical insurance and contributions to pension funds, as well as incentives like discretionary bonus and participation in share options.

Company's Mission

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

Review on Annual Results

The annual results of the Company for the year ended 31 December 2011 have been audited by KPMG, the external auditor of the Company, in accordance with the Hong Kong Standards on Auditing. The independent auditor's report will be included in the Annual Report to equity shareholders. The audited annual results have also been reviewed and approved by the audit committee of the Company, comprising all the three independent non-executive directors namely, Mr. Poon Chiu Kwok (Chairman of the Audit Committee), Mr. Woo Kar Tung, Raymond and Mr. Pang Chung Fai, Benny.

Corporate Governance

The Company strived to maintain a high standard of corporate governance and complied with the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules. To the knowledge of the Board, the Company had fully complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules since 17 May 2011, the date of listing of the Company's shares on the Stock Exchange (the "Listing Date"), to 31 December 2011.

Model Code for Securities Transactions

The Board has adopted the Model Code for the transactions of the Company's securities. The Company has made specific enquiry to all Directors and all the Directors have confirmed their compliance with the required standards set out in the Model Code since the Listing Date of the Company and up to 31 December 2011.

Final Dividends

The Board recommends a cash final dividend of HK4.0 cents per share for the year ended 31 December 2011, totalling approximately HK$248.3 million which is expected to be paid on or around 29 June 2012 (Friday) subject to the approval of equity shareholders at the annual general meeting.

Annual General Meeting

The annual general meeting of the Company will be held on 24 May 2012 (Thursday). A notice convening the annual general meeting will be published and dispatched to equity shareholders of the Company in the manner required by the Listing Rules in due course.

BOOK CLOSE PERIOD AND RECORD DATE

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

The Company's register of members will be closed from 21 May 2012 (Monday) to 24 May 2012 (Thursday) (both days inclusive), during which time no transfer of shares will be registered. To ensure that equity shareholders are entitled to attend and vote at the annual general meeting, equity shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 18 May 2012 (Friday) for registration of the relevant transfer.

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

For determining the entitlement to the proposed final dividend for the year ended 31 December 2011, The Company's register of members will be closed from 1 June 2012 (Friday) to 5 June 2012 (Tuesday) (both days inclusive), during which time no transfer of shares will be registered, and the record date is fixed on 5 June 2012 (Tuesday). To ensure that equity shareholders are entitled to receive the distribution of final dividends to be approved at the Company's annual general meeting, equity shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 31 May 2012 (Thursday) for registration of the relevant transfer.

Purchase, Sale and Re-Purchase of Shares

Save for the 208,734,000 Shares issued by the Company pursuant to the Over-allotment Option under the Global Offering (as defined in the Prospectus of the Company dated 20 April 2011), there was no purchase, sale and re-purchase of any listed securities of the Company by the Company or any of its subsidiaries between the Listing Date and 31 December 2011.

Changes to Information of Directors under Rule 13.51(B)(1) of the Listing Rules

The following is the change to the information of Directors required to be disclosed under Rule 13.51B(1) of the Listing Rules:

Mr. Poon Chiu Kwok has been appointed as an independent non-executive director from May to December 2011 by following companies: Guangzhou Shipyard International Co., Ltd. (stock code: 317), a company which its H-Shares are listed on the Stock Exchange and its A-Shares are listed on the Shanghai Stock Exchange; Sunac China Holdings Limited (stock code: 1918); Changan Minsheng APLL Logistics Co., Ltd. (stock code: 8217); and China Tianrui Group Cement Company Limited (stock code: 1252). Mr. Poon has resigned as an independent non-executive director of Tsingtao Brewery Company Limited (stock code: 168) in June 2011 upon expiry of terms.

Sufficiency of Public Float

Based on the information available to the Company and within the knowledge of the Directors, the Company maintained adequate public float since Listing Date.

Audit Committee

The Company has an audit committee (the "Audit Committee") which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three members who are the independent non-executive Directors of the Company, namely Mr. Poon Chiu Kwok, Mr. Woo Kar Tung, Raymond and Mr. Pang Chung Fai, Benny. The Audit Committee and the Company's management have reviewed the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters including review of the annual results of the Group for the year ended 31 December 2011.

Publication of Annual Results and Annual Report

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yuandacn.com). The 2011 annual report will be dispatched to equity shareholders and will be published on the aforesaid websites in due course.

Acknowledgement

On behalf of the Board, I would like to express my sincere gratitude to our equity shareholders, investors, partners and customers for their continued trust and support and all the management and staff of the Group for their contribution and devotion. The Group is confident in achieving a brighter performance in 2012 and deliver fruitful rewards to our equity shareholders and investors.

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

Hong Kong, 22 March 2012

As at the date of this announcement, the Board comprises 11 directors. Executive directors are Mr. Kang Baohua (chairman), Mr. Tian Shouliang (chief executive officer), Mr. Guo Zhongshan, Mr. Wang Yijun, Mr. Si Zuobao, Mr. Wu Qingguo, Mr. Wang Lihui and Mr. Wang Deqiang, and the independent non-executive directors are Mr. Poon Chiu Kwok, Mr. Woo Kar Tung, Raymond and Mr. Pang Chung Fai, Benny.