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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)

PROFIT WARNING

This announcement is made by Yuanda China Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

The board of directors of the Company (the “**Board**”) wishes to inform the Shareholders of the Company that, based on currently available information, the Company expects to return to profit for the entire financial year ended 31 December 2013, with an estimated net positive operational income flow of about RMB610 million, for the following primary reasons:

- (a) a large portion of low-margin projects contracted by the Company before (and including) 2011 were recognized as completed in the first half of the year. As for the income recognized in the second half of 2013, there was an increase in the proportion of income from projects contracted after 2011. Therefore, the profit of the Company increased in the second half of 2013;
- (b) the completion of the services contracts entered into in the second half of the year with Yuanda Group had made a positive contribution to the profits of the Company for the second half of the year; and
- (c) during the second half of 2013, the Company adopted a series of measures to restore profits, including retrenching surplus employees, introducing cost control measures, improving payment collection and currency hedging, the effects of which have preliminary been seen.

Despite the recovery achieved by the Company in the second half of 2013, it is expected that the consolidated profits of the Group for the entire financial year ended 31 December 2013 will still experience a significant decline as compared to that in 2012, which is primarily due to following reasons:

- (a) labour, installation and on-site costs of the Company increased as compared with 2012;

(b) projects contracted before (and including) 2011 with relatively low profit margin which were completed, nearly completed or under settlement in 2013 represented a substantial proportion of the sales revenue recognized in 2013.

The information contained in this announcement is only based on the preliminary assessment by the management with reference to the information currently available and is not based on any figures or information that has been audited or reviewed by the auditors or the audit committee of the Company. Shareholders and investors should read carefully the results announcement of the Company for the year ended 31 December 2013, which is expected to be published in late March 2014.

Shareholders and investors are advised to exercise caution when dealing in the shares of the Company.

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

15 January 2014

As at the date of this announcement, the executive directors of the Company are Mr. Kang Baohua, Mr. Tian Shouliang, Mr. Guo Zhongshan, Mr. Wang Yijun, Mr. Wang Lihui and Mr. Zhang Lei, and the independent non-executive directors are Mr. Poon Chiu Kwok, Mr. Woo Kar Tung, Raymond and Mr. Pang Chung Fai, Benny.