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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)**

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of Yuanda China Holdings Limited (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 (the “**Reporting Period**”).

<b>FINANCIAL HIGHLIGHTS</b>	<b>For the six months ended 30 June 2021 (Approximate)</b>	<b>For the six months ended 30 June 2020 (Approximate)</b>
Revenue ( <i>RMB million</i> )	<b>1,442.3</b>	1,112.8
Adjusted gross profit margin ( <i>Note</i> )	<b>19.3%</b>	5.7%
Profit/(loss) for the period attributable to equity shareholders of the Company ( <i>RMB million</i> )	<b>6.2</b>	(246.5)
Net cash used in operating activities ( <i>RMB million</i> )	<b>(276.3)</b>	(933.0)
Basic and diluted earnings/(loss) per share ( <i>RMB cents</i> )	<b>0.10</b>	(3.97)
Proposed interim dividend per share ( <i>HKD cents</i> )	<b>NIL</b>	NIL

*Note:* Adjusted gross profit margin represents gross profit margin after impairment losses of trade receivables and contract assets.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021 — unaudited

(Expressed in Renminbi (“RMB”))

		Six months ended 30 June	
	Note	2021	2020
		RMB'000	RMB'000
<b>Revenue</b>	3	<b>1,442,332</b>	1,112,842
Cost of sales		<u>(1,155,223)</u>	<u>(897,535)</u>
<b>Gross profit</b>		<b>287,109</b>	215,307
Other income		<b>23,507</b>	9,920
Selling expenses		<b>(35,600)</b>	(45,919)
Administrative expenses		<b>(211,802)</b>	(262,391)
Expected credit losses of financial and contract assets		<u><b>(9,253)</b></u>	<u>(152,048)</u>
<b>Profit/(loss) from operations</b>		<b>53,961</b>	(235,131)
Finance costs	4(a)	<u><b>(35,026)</b></u>	<u>(15,346)</u>
<b>Profit/(loss) before taxation</b>	4	<b>18,935</b>	(250,477)
Income tax	5	<u><b>(12,690)</b></u>	<u>3,963</u>
<b>Profit/(loss) for the period attributable to equity shareholders of the Company</b>		<u><b>6,245</b></u>	<u>(246,514)</u>
<b>Earnings/(loss) per share (RMB cents)</b>			
– Basic and diluted	6	<u><b>0.10</b></u>	<u>(3.97)</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021 — unaudited

(Expressed in RMB)

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
<b>Profit/(loss) for the period</b>	<b>6,245</b>	<b>(246,514)</b>
<b>Other comprehensive income for the period</b> <b>(after tax and reclassification adjustments)</b>		
Item that is or may be reclassified subsequently to profit or loss:		
– exchange differences on translation of financial statements of the Company and certain subsidiaries into presentation currency	<u>18,480</u>	<u>(37,227)</u>
<b>Total comprehensive income for the period attributable to equity shareholders of the Company</b>	<u><b>24,725</b></u>	<u><b>(283,741)</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021 — unaudited

(Expressed in RMB)

		At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		318,130	356,711
Right-of-use assets		225,600	237,738
Investment properties		34,354	34,954
Deferred tax assets		362,946	370,984
		<u>941,030</u>	<u>1,000,387</u>
<b>Current assets</b>			
Inventories and other contract costs		303,613	366,411
Contract assets	7(a)	1,989,381	1,840,107
Trade and bills receivables	8	2,292,578	2,539,171
Deposits, prepayments and other receivables		752,762	617,786
Cash on hand and in bank		1,408,993	2,012,606
		<u>6,747,327</u>	<u>7,376,081</u>
<b>Current liabilities</b>			
Trade and bills payables	9	1,759,109	2,060,752
Contract liabilities	7(b)	488,738	566,515
Accrued expenses and other payables		1,661,083	2,097,872
Bank loans		810,000	699,200
Income tax payable		215,982	212,960
Provision for warranties		38,973	48,773
		<u>4,973,885</u>	<u>5,686,072</u>
<b>Net current assets</b>		<u>1,773,442</u>	<u>1,690,009</u>
<b>Total assets less current liabilities</b>		<u>2,714,472</u>	<u>2,690,396</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***At 30 June 2021 — unaudited**(Expressed in RMB)*

	At <b>30 June</b> <b>2021</b> <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
<b>Non-current liabilities</b>		
Bank loans	400,000	400,000
Lease liabilities	2,553	4,215
Deferred tax liabilities	317	404
Provision for warranties	186,125	185,025
	<u>588,995</u>	<u>589,644</u>
<b>NET ASSETS</b>	<u>2,125,477</u>	<u>2,100,752</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	519,723	519,723
Reserves	1,605,754	1,581,029
<b>TOTAL EQUITY</b>	<u>2,125,477</u>	<u>2,100,752</u>

## NOTES

(Expressed in RMB unless otherwise indicated)

### 1 BASIS OF PREPARATION

The interim financial information set out below is derived from the unaudited interim financial report, which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the “IASB”).

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

### 2 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IFRS 16, *Covid-19-related rent concessions*
- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16, *Interest Rate Benchmark Reform – phase 2*

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

### 3 REVENUE AND 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 two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Domestic: comprises construction contracts carried out in mainland China.
- Overseas: comprises construction contracts carried out outside of mainland China.

**(a) Disaggregation of revenue**

All of the Group's revenue is arising from construction contracts. The majority of the Group's revenue is recognised over time. Disaggregation of revenue from contracts with customers by timing of revenue recognition and geographical location of customers is as follows:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Over time	<b>1,398,643</b>	1,055,600
Point in time	<b>43,689</b>	57,242
	<b><u>1,442,332</u></b>	<b><u>1,112,842</u></b>
<b>Disaggregated by geographical location of customers</b>		
Mainland China	<b>598,875</b>	495,566
United States of America	<b>181,584</b>	156,418
United Kingdom	<b>259,317</b>	130,781
Others	<b>402,556</b>	330,077
	<b><u>843,457</u></b>	<b><u>617,276</u></b>
	<b><u>1,442,332</u></b>	<b><u>1,112,842</u></b>

**(b) Segment results**

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

The measure used for reporting segment result is "adjusted gross profit" (i.e. gross profit less impairment losses for trade receivables and contract assets).

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 revenues have occurred for the six months ended 30 June 2021 and 2020. The Group's other operating expenses, such as selling and administrative expenses, impairment losses for other financial assets and finance costs, are not measured under individual segments.

The Group's most senior executive management monitor the Group's assets and liabilities as a whole, accordingly, no segment assets and liabilities information is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2021 and 2020 is set out below.

	<b>Six months ended 30 June 2021</b>		
	<b>Domestic</b> <i>RMB'000</i>	<b>Overseas</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Revenue from external customers and reportable segment revenue</b>	<b>598,875</b>	<b>843,457</b>	<b>1,442,332</b>
<b>Reportable segment adjusted gross profit</b>	<b>132,740</b>	<b>145,406</b>	<b>278,146</b>
	<b>Six months ended 30 June 2020</b>		
	<b>Domestic</b> <i>RMB'000</i>	<b>Overseas</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
Revenue from external customers and reportable segment revenue	495,566	617,276	1,112,842
Reportable segment adjusted gross (loss)/profit	(23,865)	87,144	63,279

**(c) Reconciliations of reportable segment profit or loss**

	<b>Six months ended 30 June</b>	
	<b>2021</b> <i>RMB'000</i>	<b>2020</b> <i>RMB'000</i>
Reportable segment adjusted gross profit	<b>278,146</b>	63,279
Other income	<b>23,507</b>	9,920
Selling expenses	<b>(35,600)</b>	(45,919)
Administrative expenses	<b>(211,802)</b>	(262,391)
Expected credit losses of other financial assets	<b>(290)</b>	(20)
Finance costs	<b>(35,026)</b>	(15,346)
Profit/(loss) before taxation	<b>18,935</b>	(250,477)



#### 4 PROFIT/(LOSS) BEFORE TAXATION

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

##### (a) Finance costs:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on borrowings	49,188	104,829
Interest on lease liabilities	193	270
Bank charges and other finance costs	9,297	15,713
	<hr/>	<hr/>
Total borrowing costs	58,678	120,812
Interest income	(14,646)	(20,775)
Net foreign exchange loss/(gain)	37,281	(59,451)
Net gain on forward foreign exchange contracts	(46,287)	(25,240)
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	35,026	15,346
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##### (b) Staff costs:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, wages and other benefits	260,093	333,157
Contributions to defined contribution retirement plans	20,097	14,605
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	280,190	347,762
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##### (c) Other items:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation and amortisation		
– owned property, plant and equipment	15,820	16,468
– right-of-use assets	15,542	9,108
– investment properties	600	520
Net (gain)/loss on disposal of property, plant and equipment	(13,266)	129
Research and development costs	38,129	33,149
Increase in provision for warranties	25,458	22,212
Cost of inventories	1,155,223	897,535
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## 5 INCOME TAX

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current tax:		
– provision for corporate income tax in respective jurisdictions	5,182	2,382
Deferred tax:		
– origination and reversal of temporary differences	7,508	(6,345)
	<u>12,690</u>	<u>(3,963)</u>

The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 30 June 2021 (six months ended 30 June 2020: 16.5%). No provision for Hong Kong Profits Tax has been made as the Company and the subsidiaries of the Group incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2021 (six months ended 30 June 2020: RMBNil).

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

The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% for the six months ended 30 June 2021 (six months ended 30 June 2020: 25%).

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 30% for the six months ended 30 June 2021 pursuant to the rules and regulations of their respective countries of incorporation (six months ended 30 June 2020: 8.5% to 30%).

One of the subsidiaries of the Group established in the PRC is taxed as an enterprise with advanced and new technologies and therefore enjoys a preferential PRC Corporate Income Tax rate of 15% for the six months ended 30 June 2021 (six months ended 30 June 2020: 15%). In addition to the preferential PRC Corporate Income Tax rate, this subsidiary entitles an additional tax deductible allowance amounted to 75% (six months ended 30 June 2020: 75%) of the qualified research and development costs incurred in the PRC by this subsidiary.

Determining tax provision involves judgement on tax treatment of certain transactions. The Group evaluates tax implication of transactions and tax provision are set up accordingly. Where the final tax outcome of these transactions is different from the amounts that were initially recorded, such differences will impact the tax provision in the year in which such determination is made.

## **6 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE**

### **(a) Basic earnings/(loss) per share**

The basic earnings per share for the six months ended 30 June 2021 is calculated based on the profit attributable to equity shareholders of the Company of RMB6,245,000 (six months ended 30 June 2020: a loss of RMB246,514,000) and the weighted average of 6,208,734,000 ordinary shares (six months ended 30 June 2020: 6,208,147,000 ordinary shares) in issue during the interim period.

### **(b) Diluted earnings/(loss) per share**

There are no dilutive potential shares outstanding during the six months ended 30 June 2021 and 2020. Hence, the diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share.

## 7 CONTRACT ASSETS AND CONTRACT LIABILITIES

### (a) Contract assets

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
<b>Contract assets</b>		
Arising from performance under construction contracts	2,462,071	2,306,997
Less: loss allowance	<u>(472,690)</u>	<u>(466,890)</u>
	<u><b>1,989,381</b></u>	<u><b>1,840,107</b></u>

All of the amounts are expected to be billed within one year from the end of the reporting period, except for the amounts of RMB214.9 million as at 30 June 2021 (31 December 2020: RMB225.8 million) related to retentions receivable (net of loss allowance) which are expected to be recovered over one year.

Included in the contract assets are amounts of RMB0.7 million at 30 June 2021 (31 December 2020: RMB0.7 million) due from the companies under the control of Mr. Kang Baohua (the “Controlling Shareholder”).

### (b) Contract liabilities

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
<b>Contract liabilities</b>		
Construction contracts		
– billings in advance of performance	<u><b>488,738</b></u>	<u><b>566,515</b></u>

Included in contract liabilities are amounts of RMB3.2 million at 30 June 2021 (31 December 2020: RMB3.2 million) due to the companies under the control of the Controlling Shareholder.

All of the contract liabilities are expected to be recognised as revenue within one year.

## 8 TRADE AND BILLS RECEIVABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Trade receivables for contract work due from:		
– third parties	3,536,098	3,802,475
– companies under the control of the Controlling Shareholder	<u>167,792</u>	<u>172,252</u>
	<u>3,703,890</u>	<u>3,974,727</u>
 Bills receivable for contract work	 <u>81,581</u>	 <u>65,472</u>
 Trade receivables for sale of materials due from:		
– third parties	6,526	3,940
– companies under the control of the Controlling Shareholder	<u>2,062</u>	<u>1,809</u>
	<u>8,588</u>	<u>5,749</u>
	3,794,059	4,045,948
 <i>Less: loss allowance</i>	 <u>(1,501,481)</u>	 <u>(1,506,777)</u>
 Financial assets measured at amortised cost	 <u>2,292,578</u>	 <u>2,539,171</u>

As at 30 June 2021, the amount of retentions receivable from customers included in trade and bills receivables (net of loss allowance) is RMB787.1 million (31 December 2020: RMB725.9 million).

Except for retentions receivable (net of loss allowance) of RMB141.2 million as at 30 June 2021 (31 December 2020: RMB204.6 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 and retentions receivable in accordance with contracted terms.

## Ageing analysis

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

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Within 1 year	619,601	816,015
More than 1 year	<u>1,672,977</u>	<u>1,723,156</u>
	<u><b>2,292,578</b></u>	<u><b>2,539,171</b></u>

## 9 TRADE AND BILLS PAYABLES

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Trade payables for purchase of inventories due to:		
– third parties	864,377	996,351
– companies under the control of the Controlling Shareholders	<u>5,189</u>	<u>5,197</u>
	<b>869,566</b>	1,001,548
Trade payables due to sub-contractors	558,014	634,863
Bills payable	<u>331,529</u>	<u>424,341</u>
	<b>1,759,109</b>	<b>2,060,752</b>

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

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

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Within 1 month or on demand	1,666,267	1,754,743
More than 1 month but less than 3 months	67,292	127,429
More than 3 months	<u>25,550</u>	<u>178,580</u>
	<u><b>1,759,109</b></u>	<u><b>2,060,752</b></u>

## 10 DIVIDENDS

### (a) Dividends payable to equity shareholders of the Company attributable to the interim period

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$Nil).

### (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period

No final dividend in respect of the previous financial year has been approved during the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$Nil).

## 11 CONTINGENT LIABILITIES

### (a) Guarantees issued

At 30 June 2021, the Group has issued the following guarantees:

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Guarantees for construction contracts' bidding, performance and retentions	<u>899,323</u>	<u>1,930,375</u>

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

### (b) Contingent liabilities in respect of legal claims

(i) In December 2009, Shenyang Yuanda Aluminium Industry Engineering Co., Ltd. ("Shenyang Yuanda") and Yuanda Aluminium Engineering (India) Private Limited ("Yuanda India"), both wholly-owned subsidiaries of the Group, jointly received a notice that they are being sued by a former sub-contractor in India in respect of Shenyang Yuanda's and Yuanda India's non-performance of the terms as stipulated in the sub-contract agreement entered into between Shenyang Yuanda and this former sub-contractor. Shenyang Yuanda has made a counterclaim against this sub-contractor for non-performance of the sub-contract agreement. On 30 September 2016, a first instance court judgement has been rendered in favour of Shenyang Yuanda and Yuanda India and pursuant to which the former sub-contractor shall pay to Shenyang Yuanda and Yuanda India damages in the amount of INR81.8 million (equivalent to approximately RMB7.1 million) plus accrued interest.

The former sub-contractor and Shenyang Yuanda and Yuanda India subsequently 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 RMB122.6 million) plus accrued interest. Shenyang Yuanda and Yuanda India deny any liability in respect of the appeal filed by the former sub-contractor and 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 addition to the lawsuit mentioned in Note 11(b)(i), 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 maximum monetary compensation may amount to approximately RMB221.8 million, of which RMB19.9 million has already been provided for and the Group's bank deposits of RMB39.8 million at 30 June 2021 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.

## **12 IMPACTS OF COVID-19 PANDEMIC**

The COVID-19 Pandemic since early 2020 has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position.

The Group has been closely monitoring the impact of the development of COVID-19 on the Group's business and has commenced to put in place various contingency measures. These contingency measures included but not limited to, assessing the readiness of the production units and revisiting the progress of curtain wall systems projects, reassessing the adequacy and suitability of the Group's existing suppliers inventory of raw materials, the expanding of the Group's supplier base with the view to negotiating with customers on possible delay in delivery timetables, increase monitoring of the business environment of the Group's customers, and improving the Group's cash management by expediting debtor settlements and negotiating with suppliers on payment extensions. The Group will keep the contingency measures under review as the situation evolves.

As far as the Group's businesses are concerned, if the COVID-19 pandemic situation evolves, the production and delivery could be further delayed on curtain wall systems construction, but the directors of the Company consider that such impact could be reduced by the Group's expedition of the production/construction process when the situation resume to normal. In addition, the COVID-19 pandemic also impacted the repayment abilities of the Group's debtors and the willingness of the main contractor to promote construction, which in turn result in additional impairment losses on trade receivables and/or contract assets in current period and the credit risk may continue to increase in future periods.



## **BUSINESS REVIEW**

### **Overall performance**

In the first half of 2021, with the mass COVID-19 vaccination around the world, the effective control of the COVID-19 pandemic, and the quantitative easing policies implemented by the world's major economies, the global economic growth has recovered rapidly. Developed and developing economies have also achieved rapid rebounds. China has achieved remarkable results in coordinating economic growth and pandemic prevention and control. The macro-economy continues to recover and develop steadily and maintains a steady upward trend. In the first half of 2021, the gross domestic product increased by 12.7% period-to-period. Such economic and market conditions helped the gradual recovery of the business of the Group.

For the six months ended 30 June 2021, the profit attributable to equity shareholders of the Company of the Group is about RMB6.2 million (for the six months ended 30 June 2020: a loss about RMB246.5 million), which was primarily attributable to the business of the Group having gradually recovered with the COVID-19 pandemic coming under control in the PRC and many other countries and the effective implementation of cost control measures on human resources.

### **Newly-awarded projects (including VAT)**

For the six months ended 30 June 2021, the aggregate amount of newly-awarded projects of the Group increased by approximately RMB1,202.4 million or 323.0% as compared with corresponding period of last year to approximately RMB1,574.7 million (for the six months ended 30 June 2020: about RMB372.3 million).

### **Backlog**

As at 30 June 2021, the remaining contract value of backlog of the Group increased by about RMB555.9 million or 4.6% as compared with last year to about RMB12,545.4 million (31 December 2020: about RMB11,989.5 million), which could support a sustainable development of the Group for the next 2-3 years.

## **BUSINESS PROSPECTS**

Looking ahead to the second half of the year, global pandemic prevention and control remains a major challenge. However, the Group remains confident about the world economy and overall market opportunities. The Group will continue to focus on project construction, operations management, safety and environmental management, and technological innovation, strengthening the business strategy and competitive advantages and looking for opportunities in the market for sustainable development to further enhance the returns to our shareholders.

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2021, the revenue of the Group increased by about RMB329.5 million or 29.6% as compared with the corresponding period of last year to about RMB1,442.3 million (for the six months ended 30 June 2020: about RMB1,112.8 million) which was due to the gradual recovery of construction progress. Among which:

1. For the six months ended 30 June 2021, the revenue from the domestic market of the Group increased by about RMB103.3 million or 20.8% as compared with the corresponding period of last year to about RMB598.9 million (for the six months ended 30 June 2020: about RMB495.6 million), contributing to approximately 41.5% of the total revenue of the Group; and
2. For the six months ended 30 June 2021, the revenue from the overseas market of the Group increased by about RMB226.2 million or 36.6% as compared with the corresponding period of last year to about RMB843.5 million (for the six months ended 30 June 2020: about RMB617.3 million), contributing to approximately 58.5% of the total revenue of the Group.

### Cost of sales

For the six months ended 30 June 2021, the cost of sales of the Group increased by about RMB257.7 million or 28.7% as compared with the corresponding period of last year to about RMB1,155.2 million (for the six months ended 30 June 2020: about RMB897.5 million). With the increase in revenue, the related costs of sales accordingly increased.

### Adjusted gross profit margin

For the six months ended 30 June 2021, the Group's adjusted gross profit margin increased by approximately 13.6 percentage points to approximately 19.3% (for the six months ended 30 June 2020: approximately 5.7%) which was due to the effective implementation of cost control and decrease of impairment loss of trade receivables and contract assets. Among which:

1. For the six months ended 30 June 2021, the Group's domestic adjusted gross profit margin increased by approximately 27.0 percentage points as compared with the corresponding period of last year to 22.2% (for the six months ended 30 June 2020: about -4.8%); and
2. For the six months ended 30 June 2021, the Group's overseas adjusted gross profit margin increased by approximately 3.1 percentage points as compared with the corresponding period of last year to 17.2% (for the six months ended 30 June 2020: about 14.1%).

## **Other income**

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

For the six months ended 30 June 2021, the other income of the Group increased by about RMB13.6 million or 137.4% as compared with the corresponding period of last year to about RMB23.5 million (for the six months ended 30 June 2020: about RMB9.9 million). The increase in the Group's other income was mainly due to the growth in net gain on disposal of property, plant and equipment and land use rights during the Reporting Period.

## **Selling expenses**

For the six months ended 30 June 2021, the selling expenses of the Group decreased by about RMB10.3 million or 22.4% as compared with the corresponding period of last year to about RMB35.6 million (for the six months ended 30 June 2020: about RMB45.9 million), accounted for approximately 2.5% of the revenue of the Group (for the six months ended 30 June 2020: 4.1%).

## **Administrative expenses**

For the six months ended 30 June 2021, the administrative expenses of the Group decreased by about RMB50.6 million or 19.3% as compared with the corresponding period of last year to about RMB211.8 million (for the six months ended 30 June 2020: about RMB262.4 million), accounted for approximately 14.7% of the revenue of the Group (for the six months ended 30 June 2020: 23.6%).

## **Finance costs**

For the six months ended 30 June 2021, the finance costs of the Group increased by about RMB19.7 million or 128.8% as compared with the corresponding period of last year to about RMB35.0 million (for the six months ended 30 June 2020: about RMB15.3 million), accounted for 2.4% of the revenue of the Group (for the six months ended 30 June 2020: 1.4%). This was due to the combined effect of decreased foreign exchange gain and borrowing costs.

## **Net current assets and financial resources**

As at 30 June 2021, the net current assets of the Group increased by about RMB83.4 million or 4.9% as compared with last year to about RMB1,773.5 million (31 December 2020: about RMB1,690.0 million).

As at 30 June 2021, the cash on hand and in bank of the Group decreased by about RMB603.6 million or 30.0% as compared with last year to about RMB1,409.0 million (31 December 2020: about RMB2,012.6 million), mainly denominated in RMB, USD, Qatar Riyal ("QAR") and Australian Dollar ("AUD").

## Bank loans and gearing ratio

As at 30 June 2021, the total bank loan of the Group increased by about RMB110.8 million or 10.1% as compared with last year to about RMB1,210.0 million (31 December 2020: about RMB1,099.2 million).

The Group's gearing ratio (calculated by total debts (being the total bank loans and loans from related parties) as at the respective dates divided by total equity) was 67.2% (31 December 2020: 58.5%).

## Turnover days

<b>Turnover days (day)</b>	<b>For the six months ended 30 June 2021</b>	<b>For the year ended 31 December 2020</b>
Receivables ( <i>note 1</i> )	<b>477</b>	565
Trade and bills payables ( <i>note 2</i> )	<b>418</b>	580
Inventory ( <i>note 3</i> )	<b>73</b>	99

### Notes:

1. The calculation of the receivables turnover days is based on the average amount of trade and bills receivables and net contract assets (contract assets less contract liabilities) as at the beginning and ending of the relevant period (net of provision) divided by total revenue of the relevant period and multiplied by 181/365 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 181/365 days.
3. The calculation of inventories and other contract costs turnover days is based on the average amount of raw materials 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 181/365 days.

For the six months ended 30 June 2021, the turnover days of receivables of the Group decreased by about 88 days or 15.6% as compared with last year to about 477 days (for the year ended 31 December 2020: about 565 days) which was mainly due to the recovery of the Group's business.

## **Inventories and contract costs**

The Group's inventories primarily consist of materials used in fabrication of curtain wall products, including extrusions aluminium, glass, steel and sealant. Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory.

As at 30 June 2021, the inventory and contract costs of the Group decreased by about RMB62.8 million or 17.1% as compared with last year to about RMB303.6 million (31 December 2020: about RMB366.4 million).

## **Capital expenditure**

For the six months ended 30 June 2021, the payment for capital expenditure of the Group decreased by about RMB0.3 million or 14.3% as compared with corresponding period of last year to about RMB1.8 million (for the six months ended 30 June 2020: about RMB2.1 million), which was mainly related to the payment on construction of plant and purchase of equipment.

## **Foreign exchange risk**

The overseas projects of the Group were mainly dominated in USD, GBP and AUD. 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 30 June 2021 are set out in Note 11.

## **Charge on assets**

As at 30 June 2021, the Group's bank loans of approximately RMB820.0 million were secured by property, plant and equipment and land use rights with an aggregate carrying value of approximately RMB409.4 million.

As at 30 June 2021, the Group's bank loans of approximately RMB420.0 million were secured by time deposits of the Group with a carrying value of approximately RMB30.0 million.

As at 30 June 2021, the Group's discounted bills, credit letters and letters of guarantee of approximately RMB1,030.0 million were secured by deposits of the Group with a carrying value of approximately RMB990.0 million.

Save as disclosed above, the Group had no other charge on its assets as at 30 June 2021.

## **Material acquisitions and disposals**

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

## **Disposal of factory building**

On 15 March 2021, the Group entered into an agreement with independent third party pursuant to which the Group agreed to sell the industrial factory building owned by the Group in Chengdu City for a consideration of RMB30,000,000. For future details, please refer to the announcement of the Company dated 15 March 2021.

As at 30 June 2021, the disposal of factory building transaction has been completed.

## **Significant investment**

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

## **Future plans for significant investments or capital assets**

The Group does not have any future plans for significant investments or capital assets as at the date of this announcement.

## **Global offering and use of proceeds**

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

As stated in the Company’s prospectus dated 20 April 2011 and the supplementary prospectus dated 5 May 2011 (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 30 June 2021, an accumulated amount of approximately HK\$2,053 million of proceeds from the Global Offering (of which expansion of production capacity: HK\$610 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\$350 million will be used in accordance to the proposed allocation as stated in the Prospectus in 1 to 5 years.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2021, the Group had 2,804 full-time employees in total (31 December 2020: 3,107). The decrease in number of full-time employees was a 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, fringe benefits including medical insurance and contributions to pension funds, as well as incentives like discretionary bonus and share options.

## **REVIEW OF INTERIM FINANCIAL INFORMATION**

The interim financial report for the six months ended 30 June 2021 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be sent to shareholders. The interim results have also been reviewed and approved by the audit committee of the Company, comprising all the three independent non-executive Directors namely, Mr. Woo Kar Tung, Raymond (Chairman of Audit Committee), Mr. Poon Chiu Kwok 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 six months ended 30 June 2021, 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 Company. The Company 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 for the six months ended 30 June 2021.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any annual dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

## **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE GROUP**

For the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## **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 business, improve the Group's probability level against the adverse environment and achieve a brighter performance to deliver fruitful rewards to our shareholders and investors.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM 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 interim report of the Company for the six months ended 30 June 2021 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*

The PRC, 31 August 2021

*As at the date of this announcement, the executive directors of the Company are Mr. Kang Baohua, Mr. Liu Futao, Mr. Ma Minghui, Mr. Wang Hao, Mr. Zhao Zhongqiu, 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.*