

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**UNAUDITED CONSOLIDATED ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Due to the recent COVID-19 Omicron outbreak in Mainland China and Hong Kong, the auditing processes of the consolidated annual results announcement of Yuanda China Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) for the year ended 31 December 2021 (the “**Reporting Period**”) have been severely affected. Consequently, the collection of audit evidence from different branches and offices over a number of places in China requires more time and the audit process for the consolidated annual results of the Group for the year ended 31 December 2021 has been delayed and not been fully completed as of the date of this announcement, including but not limited to, the fair value of derivative financial instruments, the expected credit loss allowances of contract assets and trade receivables, the recognition of right-of-use assets and lease liabilities, provision for warranties, income tax, contingent liabilities, provision for outstanding legal claims and the recognition and measurement of the revenue and cost of sales.

Please note that the figures presented in this unaudited consolidated annual results announcement might materially be affected by, among others, revenue and cost of sales recognition, impairment assessments under the expected credit loss model, fair value assessment of derivative financial instruments, recognition of right-of-use assets and lease liabilities, provision for income taxes and provision for outstanding legal claims. Depending on final results of the aforesaid assessments and recognition of gains or losses after the completion of audit, items respectively in the consolidated statement of profit or loss and consolidated statement of financial position might need to be adjusted accordingly.

While in order to keep the shareholders of the Company (the “**Shareholders**”) and potential investors informed of the business operation and financial position of the Group, the board (the “**Board**”) of directors (the “**Directors**”) of the Company decides to publish the unaudited consolidated annual results announcement of the Group for the year ended 31 December 2021 together with the audited comparative figures for the corresponding period in 2020. The Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2021 as agreed by the Company’s auditor (the “**Auditors**”) following the completion of the auditing process, which is expected to be on or before 31 May 2022.

The unaudited consolidated annual results based on the management accounts of the Group as set out in this announcement have not been agreed with the Auditors, but has been reviewed by the audit committee of the company (the “**Audit Committee**”). The Company will make appropriate announcements and disclosures as and when it is aware of any material adjustment to the unaudited consolidated annual results.

Shareholders are reminded that these unaudited consolidated annual results might be subject to adjustment. Shareholders and investors are reminded to exercise caution in dealing in the securities of the Company.

FINANCIAL HIGHLIGHTS	2021 (Unaudited) (Approximately)	2020 (Audited) (Approximately)
Revenue (<i>RMB million</i>)	3,005.5	2,735.6
Gross profit margin	18.5%	16.5%
Adjusted gross profit margin (<i>Note</i>)	16.8%	5.8%
Consolidated net profit/(loss) (<i>RMB million</i>)	13.3	(690.6)
Profit/(loss) attributable to equity shareholders of the Company (<i>RMB million</i>)	13.3	(690.6)
Net cash generated from operating activities (<i>RMB million</i>)	152.5	10.2
Basic and diluted earnings/(loss) per share (<i>RMB cents</i>)	0.21	(11.12)
Proposed final dividend per share (<i>HKD cents</i>)	NIL	NIL

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

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2021

(Expressed in Renminbi (“RMB”))

	<i>Note</i>	2021 RMB’000 (Unaudited)	2020 RMB’000 (Audited)
Revenue	5	3,005,524	2,735,572
Cost of sales		(2,448,377)	(2,283,778)
Gross profit		557,147	451,794
Other income	6	87,051	39,869
Selling expenses		(71,949)	(77,233)
Administrative expenses		(442,519)	(454,927)
Expected credit losses of financial and contract assets		(51,104)	(322,583)
Profit/(Loss) from operations		78,626	(363,080)
Finance costs	7(a)	(72,990)	(227,642)
Profit/(Loss) before taxation	7	5,636	(590,722)
Income tax	8	7,666	(99,903)
Profit/(Loss) for the year attributable to equity shareholders of the Company		<u>13,302</u>	<u>(690,625)</u>
Earnings/(Loss) per share (RMB cents)			
– Basic and diluted	9	<u>0.21</u>	<u>(11.12)</u>
Profit/(loss) for the year		13,302	(690,625)
Other comprehensive income for the year (after tax and reclassification adjustments):			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements of the Company and certain subsidiaries into presentation currency		25,580	59,648
Other comprehensive income for the year		25,580	59,648
Total comprehensive income/(loss) for the year attributable to equity shareholders of the Company		<u>38,882</u>	<u>(630,977)</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2021

(Expressed in RMB)

	<i>Note</i>	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		354,028	356,711
Right-of-use assets		221,034	237,738
Investment property		33,106	34,954
Deferred tax assets		369,112	370,984
		977,280	1,000,387
Current assets			
Inventories and other contract costs		177,279	366,411
Contract assets	<i>10</i>	1,849,218	1,840,107
Trade and bills receivables	<i>11</i>	2,252,289	2,539,171
Deposits, prepayments and other receivables		684,939	617,786
Cash on hand and in bank		1,640,274	2,012,606
		6,603,999	7,376,081
Current liabilities			
Trade and bills payables	<i>12</i>	1,688,521	2,060,752
Contract liabilities		488,738	566,515
Accrued expenses and other payables		1,895,217	2,097,872
Bank loans		560,000	699,200
Income tax payable		216,781	212,960
Provision for warranties		38,973	48,773
		4,888,230	5,686,072
Net current assets		1,715,769	1,690,009
Total assets less current liabilities		2,693,049	2,690,396

	<i>Note</i>	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Non-current liabilities			
Bank loans		390,000	400,000
Lease liabilities		2,553	4,215
Deferred tax liabilities		317	404
Provision for warranties		186,125	185,025
		<u>578,995</u>	<u>589,644</u>
NET ASSETS		<u>2,114,054</u>	<u>2,100,752</u>
CAPITAL AND RESERVES			
Share capital		519,723	519,723
Reserves		1,594,331	1,581,029
TOTAL EQUITY		<u>2,114,054</u>	<u>2,100,752</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION NOTES

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

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

2 STATEMENT OF COMPLIANCE

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

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

3 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The Company has its functional currency in Hong Kong dollar (“**HKS**”). As majority of the Group’s operation are conducted by the subsidiaries of the Group in mainland China, the consolidated financial statements are presented in Renminbi (“**RMB**”).

The Group had incurred an unaudited net profit of RMB13,302,000 for the year ended 31 December 2021(31 December 2020: net loss of RMB690,625,000). Meanwhile, based on a cash flowforecast of the Group for the twelve months ending 31 December 2022 prepared by the management, which has taken into account the unutilised bank facilities and the expected renewal of the short-term loans upon maturity, the directors of the Company are of the opinion that the Group will have adequate funds to meet its liabilities as and when they fall due for at least twelve months from the end of the reporting period and it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 — *Interest Rate Benchmark Reform Phase 2*
- Amendments to IFRS 16 — *Covid-19-related Rent Concessions*

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

5 REVENUE AND SEGMENT REPORT

(a) Revenue

The principal activities of the Group are the design, procurement, production, sale and installation of curtain wall systems. Further details regarding the Group's principal activities are disclosed in Note 5(b).

(i) 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 is as follows:

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Revenue from contracts with customers within the scope of IFRS 15		
Over time	2,953,269	2,644,195
Point in time	52,255	91,377
	<u>3,005,524</u>	<u>2,735,572</u>

Disaggregation of revenue by geographic markets is disclosed in Note 5(b)(iii).

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

The Group's customer base is diversified. There was no customer with transactions that exceeded 10% of the Group's revenue for the years ended 31 December 2021 and 2020.

(ii) *Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.*

As at 31 December 2021, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB8,194.9 million (2020: RMB8,039.6 million). This amount represents revenue expected to be recognised in the future from construction contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 48 months.

As at 31 December 2021, the aggregated amount of the expected transaction price of the potential contracts (including tax) of which the Group has won the bidding is RMB4,357.9 million (2020: RMB3,949.9 million).

The above amounts do not include any amounts of completion bonuses that the Group may earn in the future by meeting the conditions set out in the Group's construction contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses.

(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 two reportable segments. No operating segments have been aggregated to form the following reportable segments.

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

(i) *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 after 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 sales have occurred for the years ended 31 December 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.

During the year ended 31 December 2021, 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 years ended 31 December 2021 and 2020 is set out below:

	2021		
	Domestic RMB'000 (Unaudited)	Overseas RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue from external customers and reportable segment revenue	1,310,809	1,694,715	3,005,524
Reportable segment adjusted gross profit	121,290	384,752	506,042
	2020		
	Domestic RMB'000 (Audited)	Overseas RMB'000 (Audited)	Total RMB'000 (Audited)
Revenue from external customers and reportable segment revenue	1,236,767	1,498,805	2,735,572
Reportable segment adjusted gross profit	116,490	41,748	158,238

(ii) *Reconciliation of reportable segment profit or loss*

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Reportable segment adjusted gross profit	506,042	158,238
Other income	87,051	39,869
Selling expenses	(71,949)	(77,233)
Administrative expenses	(442,518)	(454,927)
Expected credit losses of other financial assets	–	(29,027)
Finance costs	(72,990)	(227,642)
	<hr/>	<hr/>
Profit/(Loss)before taxation	5,636	(590,722)
	<hr/> <hr/>	<hr/> <hr/>

(iii) *Geographic information*

The following tables set out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the construction contracts are carried out.

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by geographical location of customers		
Mainland China	1,310,809	1,236,767
	<hr/>	<hr/>
United States of America	219,690	431,733
United Kingdom	880,990	407,847
Australia	229,787	159,429
Others	364,248	499,796
	<hr/>	<hr/>
	1,694,715	1,498,805
	<hr/>	<hr/>
	3,005,524	2,735,572
	<hr/> <hr/>	<hr/> <hr/>

6 OTHER INCOME

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Government grants	10,453	28,648
Rental income from investment property	11,888	8,463
Rental income from operating leases, other than those relating to investment property	–	144
Net income from provision of repairs and maintenance services	8,838	2,506
Net gain from sale of scrap materials	46,131	65
Net gain on disposal of property, plant and equipment, land use rights and assets classified as held for sale	9,741	43
	<u>87,051</u>	<u>39,869</u>

7 PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs:

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Interest on borrowings	127,628	151,397
Interest on lease liabilities	626	1,710
Bank charges and other finance costs	26,136	21,086
Total borrowing costs	154,390	174,193
Interest income	(82,292)	(31,202)
Net foreign exchange loss	8,166	144,509
Net gain on forward foreign exchange contracts	(7,274)	(59,858)
	<u>72,990</u>	<u>227,642</u>

Note:

No borrowing costs have been capitalised for the year ended 31 December 2021 and 2020.

* The amount of net foreign exchange loss at the end of the year was based on the Company's management accounts. According to the past audit experience, there may be subsequent changes due to audit adjustments.

(b) Staff costs:

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Salaries, wages and other benefits	393,881	551,599
Contributions to defined contribution retirement plans	40,148	32,657
	434,029	584,256

Note:

The employees of the subsidiaries of the Group established in the PRC participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes at rates ranging from 13% to 16% (2020: 13% to 16%) of the employees' basic salaries. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC, from the above mentioned retirement schemes at their normal retirement age.

The employees of the subsidiaries of the Group established outside of the PRC participate in defined contribution retirement benefit schemes managed by the respective local government authorities, whereby these subsidiaries are required to contribute to the respective schemes at rates stipulated by the relevant rules and regulations of the respective jurisdictions.

The Group does not have any further material obligations for payments of other retirement benefits beyond the above annual contributions.

(c) **Other items:**

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Depreciation and amortisation		
– owned property, plant and equipment	22,683	29,828
– right-of-use assets	16,704	40,498
– investment property	1,848	1,130
Impairment losses on trade and other receivables and contract assets	51,104	322,583
Auditors' remuneration	7,898	9,598
Research and development costs	62,477	109,645
(Decrease)/increase in provision for warranties	(9,800)	57,246
Cost of inventories	2,448,377	2,283,778
	<u>2,448,377</u>	<u>2,283,778</u>

8. INCOME TAX

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

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Current tax		
– provision for corporate income tax in respective jurisdictions	–	6,827
Deferred tax		
– origination and reversal of temporary differences	7,666	93,076
	<u>7,666</u>	<u>99,903</u>

Notes:

- (i) The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the year ended 31 December 2021 (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 year ended 31 December 2021 (2020: RMB Nil).
- (ii) The Company and a subsidiary of the Group incorporated in the Cayman Islands and the British Virgin Islands, respectively, are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

- (iii) The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% for the year ended 31 December 2021 (2020: 25%).
- (iv) The subsidiaries of the Group incorporated in jurisdictions 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 year ended 31 December 2021 pursuant to the rules and regulations of their respective countries of incorporation (2020: 8.5% to 30%).
- (v) One of the subsidiaries of the Group established in the PRC has obtained approval from the tax bureau to be taxed as an enterprise with advanced and new technologies for the period from the calendar years from 2020 to 2022 and therefore enjoys a preferential PRC Corporate Income Tax rate of 15% for the year ended 31 December 2021 (2020: 15%). In addition to the preferential PRC Corporate Income Tax rate, this subsidiary entitles an additional tax deductible allowance amounted to 75% (2020: 75%) of the qualified research and development costs incurred in the PRC by this subsidiary.

9 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic earnings/(loss) per share

The basic earnings per share for the year ended 31 December 2021 is calculated based on the profit attributable to equity shareholders of the Company of RMB13.3 million (2020: loss attributable to equity shareholders of the Company of RMB690.6 million) and the weighted average of 6,208,396,000 ordinary shares (2020: 6,208,396,000 ordinary shares) in issue during the year ended 31 December 2021, calculated as follows:

Weighted average number of ordinary shares

	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Issued ordinary shares at 1 January	6,208,396	6,208,147
Effect of termination of the Share Award Scheme	–	249
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 December	<u>6,208,396</u>	<u>6,208,396</u>

(b) Diluted earnings/(loss) per share

There were no dilutive potential shares outstanding during the years ended 31 December 2021 and 2020. Hence, the diluted earnings/(loss) per share is the same as basic earnings/(loss) per share.

10 CONTRACT ASSETS

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Contract assets		
Arising from performance under construction contracts	2,316,108	2,306,997
Less: loss allowance	<u>(466,890)</u>	<u>(466,890)</u>
	<u>1,849,218</u>	<u>1,840,107</u>

* The loss allowance at the end of the year was based on the Company's management accounts. According to the past audit experience, there may be subsequent changes due to audit adjustments.

11 TRADE AND BILLS RECEIVABLES

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Trade receivables for contract work	3,689,145	3,980,476
Bills receivable for contract work	121,025	65,472
	<u>3,810,170</u>	<u>4,045,948</u>
Less: loss allowance	<u>(1,557,881)</u>	<u>(1,506,777)</u>
Financial assets measured at amortised cost	<u>2,252,289</u>	<u>2,539,171</u>

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

* The loss allowance at the end of the year was based on the Company's management accounts. According to the past audit experience, there may be subsequent changes due to audit adjustments.

12 TRADE AND BILLS PAYABLES

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Trade payables for purchase of inventories	1,650,725	1,636,411
Bills payable	37,796	424,341
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	<u>1,688,521</u>	<u>2,060,752</u>

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

13 DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2021 (2020: HK\$Nil).

14 CONTINGENT LIABILITIES

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 by courts or arbitrators. If these subsidiaries are found to be liable, the total expected monetary compensation may amount to approximately RMB160.5 million, and the Group's bank deposits of RMB7.7 million at 31 December 2021 was frozen by courts for certain of these lawsuits. Based on legal advices, the Company has no reason to believe it is probable that the courts or arbitrators will find against all these subsidiaries of the Group on these lawsuits and arbitrations.

BUSINESS REVIEW

Overall performance

In 2021, the overall global economic environment improved as major economies regained dynamic in response to the increasing vaccination coverage and gradual resumption of business activities. The National Bureau of Statistics of the People's Republic of China recently announced that the China's GDP in 2021 grew by 8.1% and the global growth rebounded to 5.5% in 2021 estimated by the World Bank.

For the year ended 31 December 2021, the profit attributable to equity shareholders of the Company was about RMB13.3 million (2020: a loss of about RMB690.6 million). The main reason was that the business of the Group having gradually recovered with the COVID-19 pandemic coming under control in the PRC and many other countries in 2021.

Newly-awarded projects(including VAT)

During the year 2021, the aggregate amount of newly-awarded projects of the Group increased by about RMB1,878.6 million or 76.5% as compared with last year to about RMB4,333.7 million (2020: about RMB2,455.1 million). The main reason for the increased was that with the regularization of the COVID-19's control and treatment in the PRC and many other countries the willingness to invest in fixed assets is getting stronger.

	2021		2020	
	Numbers of projects	RMB million	Numbers of projects	RMB million
Domestic	82	2,190.7	24	997.9
Overseas	50	2,143.0	18	1,457.2
Total	<u>132</u>	<u>4,333.7</u>	<u>42</u>	<u>2,455.1</u>

Backlog

As at 31 December 2021, the remaining contract value of backlog of the Group increased by about RMB563.2 million or 4.7% as compared with last year to about RMB12,552.7 million (31 December 2020: about RMB11,989.5 million), which could support a sustainable development of the Group for the next 2-3 years.

	2021		2020	
	Remaining value of contracts Numbers of projects	RMB million	Remaining value of contracts Numbers of projects	RMB million
Domestic	84	4,539.6	208	4,493.9
Overseas	145	8,013.1	93	7,495.6
Total	229	12,552.7	301	11,989.5

Major technology achievements and awards

In 2021, the Group obtained 5 patents for utility model.

BUSINESS PROSPECTS

The global outlook is clouded by various uncertainties, including renewed COVID-19 outbreaks due to new virus variants, the possibility of unanchored inflation expectations, and financial stress in a context of record-high debt levels. However, the Group remains prudent and confident about the world economy and overall market opportunities in the long term. The Group will continue to focus on project construction, operations management, cost management and working capital management, 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 year ended 31 December 2021, the revenue of the Group increased by about RMB269.9 million or 9.9% as compared with last year to about RMB3,005.5 million (2020: about RMB2,735.6 million). The rise is due to the business of the Group having gradually recovered with the COVID-19 pandemic coming under control in the PRC and many other countries. Among which:

1. the revenue from domestic market of the Group increased by about RMB74.0 million or 6.0% as compared with last year to about RMB1,310.8 million (2020: about RMB1,236.8 million), contributing approximately 43.6% of the total revenue of the Group; and
2. the revenue from overseas market of the Group increased by about RMB195.9 million or 13.1% as compared with last year to about RMB1,694.7 million (2020: about RMB1,498.8 million), contributing approximately 56.4% of the total revenue of the Group.

Cost of sales

In 2021, the cost of sales of the Group increased by about RMB164.6 million or 7.2% as compared with last year to about RMB2,448.4 million (2020: about RMB2,283.8 million). With the increase in revenue during 2021, the related costs of sales increased correspondingly.

Adjusted gross profit margin

In 2021, the adjusted gross profit margin of the Group increased by about 11.0% to 16.8% (2020: about 5.8%). The increase was due to the decline in impairment loss of trade receivables and contract assets recognized by the Company. Among which:

1. the domestic adjusted gross profit margin of the Group decreased by about 0.1% as compared with last year to about 9.3% (2020: about 9.4%); and
2. the overseas adjusted gross profit margin of the Group increased by about 19.9% as compared with last year to about 22.7% (2020: about 2.8%).

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.

In 2021, the other income of the Group increased by about RMB47.2 million or 118.3% as compared with last year to about RMB87.1 million (2020: about RMB39.9 million). The increase in the Group's other income was mainly due to the growth in net gain from sale of scrap materials and net gain on disposal of property and land use rights classified as held for sale during the Reporting Period.

Selling expenses

In 2021, the selling expenses of the Group decreased by about RMB5.3 million or 6.9% as compared with last year to about RMB71.9 million (2020: about RMB77.2 million), accounted for approximately 2.4% of the operating revenue of the Group (2020: 2.8%). This was mainly due to the strict control of expenses.

Administrative expenses

In 2021, the administrative expenses of the Group decreased by about RMB12.4 million or 2.7% as compared with last year to about RMB442.5 million (2020: about RMB454.9 million), accounted for approximately 14.7% of the operating revenue of the Group (2020: 16.6%). This was mainly due to the effect headcount optimization policy.

Finance costs

In 2021, the finance costs of the Group decreased by about RMB154.6 million or 67.9% as compared with last year to about RMB73.0 million (2020: about RMB227.6 million), accounted for 2.4% of the operating revenue of the Group (2020: 8.3%). This was mainly due to the combined effect of increased foreign exchange gain and decreased borrowing costs.

Income tax

In 2021, the income tax benefit of the Group was about RMB7.7 million (2020: an income tax expense of about RMB99.9 million).

Consolidated net profit/(loss)

As a result of the foregoing, in 2021, the consolidated net profit of the Group was about RMB13.3 million (2020: a consolidated net loss of about RMB690.6 million).

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

In 2021, the profit attributable to equity shareholders of the Company was about RMB13.3 million (2020: a loss attributable to equity shareholders of the Company of about RMB690.6 million).

Net current assets and financial resources

As at 31 December 2021, the net current assets of the Group increased by about RMB25.8 million or 1.5% as compared with last year to about RMB1,715.8 million (31 December 2020: about RMB1,690.0 million).

As at 31 December 2021, the cash on hand and in bank of the Group decreased by about RMB372.3 million or 18.5% as compared with last year to about RMB1,640.3 million (31 December 2020: about RMB2,012.6 million), mainly denominated in RMB, USD, Qatar Riyal and Australian Dollar (“AUD”).

Bank loans and gearing ratio

As at 31 December 2021, the total bank loan of the Group decreased by about RMB149.2 million or 13.6% as compared with last year to about RMB950.0 million (31 December 2020: about RMB1,099.2 million). The bank loan as at 31 December 2021 were denominated in RMB of which approximately RMB560.0 million were repayable within one year.

The Group’s gearing ratio (calculated by total liabilities divided by total assets) was 72.1% (31 December 2020: 75.0%).

Turnover days

Turnover days (day)	2021	2020
Receivables (<i>note 1</i>)	694	565
Trade and bills payables (<i>note 2</i>)	279	580
Inventory (<i>note 3</i>)	41	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 divided by total revenue of the relevant period and multiplied by 365 days.
2. The calculation of turnover days of trade and bills payables is based on the average amount of trade and bills payables as at the beginning and ending of the relevant period divided by cost of raw materials and installation cost of the relevant period and multiplied by 365 days.
3. The calculation of inventory turnover days is based on the average amount of inventory as at the beginning and ending of the relevant period (net of provision) divided by cost of raw materials of the relevant period and multiplied by 365 days.

During the Reporting Period, the turnover days of receivables increased by about 129 days or 23% as compared with last year to about 694 days (2020: about 565 days).

During the Reporting Period, the turnover days of trade and bill payables decreased by about 301 days or 52% as compared with last year to about 279 days (2020: about 580 days).

Inventories and contract costs

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

As at 31 December 2021, the inventory and contract costs of the Group decreased by about RMB 189.1million or 51.6% as compared with last year to about RMB177.3 million (31 December 2020: about RMB366.4 million).

Capital expenditure

In 2021, the payment for capital expenditure of the Group decreased by about RMB8.6 million or 97.7% as compared with last year to about RMB0.2 million (2020: about RMB8.8 million), which was mainly related to the 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 31 December 2021 are set out in Note 14.

Charge on assets

As at 31 December 2021, the aggregate carrying value of the property, plant and equipment, land use rights pledged for the Group's bank loans is RMB311.8 million.

As at 31 December 2021, the carrying value of the deposits pledged for the bank loans and bank bills and letter of credit issued by the Group is RMB485.5 million, the carrying value of the time deposits pledged for the bank bills and letter of credit issued by the Group is RMB840.0 million.

Save as disclosed above, the Group had no other charge on its assets as at 31 December 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 further details, please refer to the announcement of the Company dated 15 March 2021.

As at 31 December 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 31 December 2021, an accumulated amount of approximately HK\$2,051 million of proceeds from the Global Offering (of which expansion of production capacity: HK\$608 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\$352 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 31 December 2021, the Group had 2,769 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 unaudited consolidated annual results

Due to the recent COVID-19 Omicron outbreak in Mainland China and Hong Kong, the auditing processes of the consolidated annual results announcement of the Group for the year ended 31 December 2021 have been severely affected. Consequently, the collection of audit evidence from different branches and offices over a number of places in China requires more time. The audited consolidated annual results for the year ended 31 December 2021 of the Group based on the financial information agreed with the auditor, Moore Stephens CPA Limited ("**Moore HK**"), were unable to be published within the three months after the year end date. In order to keep the shareholders and potential investors of the Company informed of the Group's financial information, the Board set forth in this announcement the unaudited consolidated annual results of the Group for the year ended 31 December 2021, which was extracted from the latest unaudited management accounts of the Group for the year ended 31 December 2021. The Audit Committee, comprising all the three independent non-executive Directors namely, Mr. Woo Kar Tung, Raymond (Chairman of the Audit Committee), Mr. Poon Chiu Kwok and Mr. Pang Chung Fai, Benny, has reviewed with the management the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the unaudited financial statements for the year ended 31 December 2021.

Further announcement(s)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited consolidated annual results for the year ended 31 December 2021 as agreed by the Auditors and the material differences (if any) as compared with the unaudited consolidated annual results contained herein; (ii) the proposed date on which the forthcoming annual general meeting of the shareholders of the Company will be held; and (iii) the period during which the register of members of the Company will be closed in order to ascertain shareholders' eligibility to attend and vote at the forthcoming annual general meeting.

In addition, the Company will issue further announcement(s) when necessary if there are other material developments in the completion of the auditing process. The Company expects the auditing process will be completed on or before 31 May 2022.

Corporate governance

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence of the Company and the Company's accountability. For the year ended 31 December 2021, the Company has complied with all code provisions of the Corporate Governance Code as set forth in Appendix 14 of the Listing Rules.

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 year ended 31 December 2021.

Final dividend

The Board has resolved not to declare any annual dividend for the year ended 31 December 2021 (2020: Nil).

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE GROUP

For the year ended 31 December 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Group and within the knowledge of the Directors as at the date of this announcement, the Group maintained adequate public float throughout the year ended 31 December 2021.

AUDITORS

KPMG has resigned as the auditor of the Company with effect from 20 December 2021 as KPMG and the Company could not reach a consensus on the audit service fee regarding the annual audit for the financial year ended 31 December 2021.

The Board, with the recommendation from the Audit Committee, has resolved to appoint Moore HK as the new auditor of the Company with effect from 20 December 2021 to fill the casual vacancy following the resignation of KPMG. Moore HK will hold office until the conclusion of the forthcoming annual general meeting.

Moore HK will retire and, being eligible, offer themselves for reappointment. A resolution for the reappointment of Moore HK as auditors of the Company is to be proposed at the forthcoming annual general meeting.

Save as disclosed above, there is no other change of the Company's auditors in any of the preceding three years.

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.

PUBLICATION OF ANNUAL REPORT

This unaudited consolidated annual results announcement is published on the Stock Exchange (<http://www.hkexnews.hk>) and the Company's website (<http://www.yuandacn.com>). The annual report of the Company for the year ended 31 December 2021 will be dispatched to the Shareholders of the Company after the completion of the audit procedures and will be available on the websites of Stock Exchange and the Company in due course.

The financial information contained herein in respect of the unaudited consolidated annual results of the Group for the year ended 31 December 2021 have not been audited and have not been agreed with the Auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

The PRC, 31 March 2022

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