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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)

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

Reference is made to the announcement dated 31 March 2022 (the “**Unaudited Announcement**”) of Yuanda China Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) in relation to the unaudited annual results of the Group for the year ended 31 December 2021 (the “**2021 Annual Results**”). Capitalised terms used in this announcement (the “**Update Unaudited Announcement**”) shall have the same meanings as used in the Unaudited Announcement. Shareholders of the Company are advised to read the Update Unaudited Announcement in conjunction with the Unaudited Announcement.

Due to the severe pandemic prevention and control policy in a number of cities in the PRC in the past few months, the financial reporting process to finalize the 2021 Annual Results have been adversely affected. The Group has expedited the financial reporting process upon the resumption of work and subsequent adjustments have been made by the management to the financial information of the 2021 Annual Results.

The unaudited financial information as set out in the Update Unaudited Announcement is based on the latest management accounts of the Group, have not been agreed with the auditors of the Company, 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 financial information. Shareholders and potential investors are reminded that the unaudited financial information as set out in the Update Unaudited Announcement might be subject to further adjustment. Shareholders and investors are reminded to exercise caution in dealing in the securities of the Company. Shareholders and potential investors of the Company are advised to pay attention to the differences between the financial information in the Update Unaudited Announcement as compared to the Unaudited Announcement.

Changes to the contents of the 2021 Annual Results as a result of the adjustments are set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

(Expressed in Renminbi (“RMB”))

		Update	Unaudited	Adjustments
		Unaudited	Announcement	
		2021	2021	
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	<i>1</i>	3,055,262	3,005,524	49,738
Cost of sales	<i>2</i>	(2,629,465)	(2,448,377)	(181,088)
Gross profit		425,797	557,147	(131,350)
Other income	<i>3</i>	50,788	87,051	(36,263)
Selling expenses		(71,949)	(71,949)	—
Administrative expenses	<i>4</i>	(363,706)	(442,519)	78,813
Expected credit losses of financial and contract assets and other receivables	<i>5</i>	(879,704)	(51,104)	(828,600)
(Loss)/profit from operations		(838,774)	78,626	(917,400)
Finance costs		(102,860)	(72,990)	(29,870)
(Loss)/profit before taxation		(941,634)	5,636	(947,270)
Income tax	<i>6</i>	(54,195)	7,666	(61,861)
(Loss)/profit for the year attributable to equity shareholders of the Company		<u>(995,829)</u>	<u>13,302</u>	<u>(1,009,131)</u>
(Loss)/earnings per share (RMB cents)				
— Basic and diluted		<u>(16.04)</u>	<u>0.21</u>	<u>(16.25)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

(Expressed in RMB)

		Update		
		Unaudited	Unaudited	
		Announcement	Announcement	Adjustments
		2021	2021	RMB'000
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit for the year		(995,829)	13,302	(1,009,131)
Other comprehensive income for the year (after tax and reclassification adjustments)				
Item that is or may be reclassified subsequently to profit or loss:				
— exchange differences on translation	7	47,075	25,580	21,495
Total comprehensive income for the year attributable to equity shareholders of the Company		<u>(948,754)</u>	<u>38,882</u>	<u>(987,636)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

(Expressed in RMB)

		Update Unaudited Announcement At 31 December 2021 RMB'000	Unaudited Announcement At 31 December 2021 RMB'000	Adjustments RMB'000
	<i>Note</i>			
Non-current assets				
Property, plant and equipment	8	313,176	354,028	(40,852)
Right-of-use assets		221,034	221,034	—
Investment properties		33,106	33,106	—
Deferred tax assets		349,623	369,112	(19,489)
		<u>916,939</u>	<u>977,280</u>	<u>(60,341)</u>
Current assets				
Inventories	9	432,070	177,279	254,791
Contract assets	10	1,580,502	1,849,218	(268,716)
Trade and bills receivables	11	1,583,507	2,252,289	(668,782)
Deposits, prepayments and other receivables	12	588,329	684,939	(96,610)
Cash on hand and in bank	13	1,679,003	1,640,274	38,729
		<u>5,863,411</u>	<u>6,603,999</u>	<u>(740,588)</u>
Current liabilities				
Trade and bills payables	14	1,824,425	1,688,521	135,904
Contract liabilities		514,899	488,738	26,161
Accrued expenses and other payables		1,870,021	1,895,217	(25,196)
Bank loans		560,000	560,000	—
Income tax payable		241,356	216,781	24,575
Provision for warranties		38,973	38,973	—
		<u>5,049,674</u>	<u>4,888,230</u>	<u>161,444</u>
Net current assets		<u>813,737</u>	<u>1,715,769</u>	<u>(902,032)</u>
Total assets less current liabilities		<u>1,730,676</u>	<u>2,693,049</u>	<u>(962,373)</u>

	Update	Unaudited	Unaudited	
	Announcement	Announcement	Announcement	
	At 31 December	At 31 December	At 31 December	Adjustments
	2021	2021	2021	RMB'000
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>		<i>RMB'000</i>
Non-current liabilities				
Bank loans	390,000	390,000		—
Lease liabilities	2,553	2,553		—
Deferred tax liabilities	—	317		(317)
Provision for warranties	186,125	186,125		—
	<u>578,678</u>	<u>578,995</u>		<u>(317)</u>
NET ASSETS	<u>1,151,998</u>	<u>2,114,054</u>		<u>(962,056)</u>
CAPITAL AND RESERVES				
Share capital	519,723	519,723		—
Reserves	632,275	1,594,331		(962,056)
TOTAL EQUITY	<u>1,151,998</u>	<u>2,114,054</u>		<u>(962,056)</u>

Notes:

1. Differences are mainly due to the adjustment of revenue recognized progressively over time using the cost-to-cost method, arising from the cost adjustment as stated below in Note 2.
2. Differences are mainly due to the net effect of (1) the cut-off adjustments of costs incurred by projects; (2) the additional liabilities accrued based on the subsequent rulings of the litigations outstanding as at 31 December 2021; (3) the adjustment on the elimination of intra-group transactions; and (4) the reclassifications from administrative expenses and other income to cost of sales.
3. Differences are mainly due to the reclassification from other income to cost of sales.
4. Differences are mainly due to the reclassification from administrative expenses to cost of sales.

5. Differences are mainly due to the adjustment on additional allowances of expected credit losses of financial and contract assets and other receivables after taking into account the draft valuation results from the independent valuer obtained by the management after the Unaudited Announcement.
6. Differences are mainly due to the adjustments on deferred tax assets and corresponding adjustment to income tax payable due to the adjustments to profit before taxation.
7. Differences are mainly due to the resulting adjustments of foreign exchanges translation.
8. Differences are mainly due to netting of asset-related government grants to the carrying amount of the assets.
9. Differences are mainly due to the reclassification of work-in-progress from contract assets to inventories.
10. Differences are mainly due to the net effect of (1) the adjustment on additional allowance of expected credit losses; (2) the adjustment of revenue recognized progressively over time using the cost-to-cost method; and (3) the reclassification of balances among trade receivables, contract assets and inventories.
11. Differences are mainly due to the net effect of (1) the adjustment on additional allowance of expected credit losses; and (2) reclassification of balances among trade receivables, contract assets and contract liabilities based on the progress and billing reports.
12. Differences are mainly due to the net effect of (1) the reclassification of time deposits from deposits, prepayments and other receivables to cash on hand and in bank and (2) the adjustment on the elimination of intra-group transactions.
13. Differences are mainly due to the reclassification of time deposits from deposits, prepayments and other receivables to cash on hand and in bank.
14. Differences are mainly due to (1) the cut-off adjustment of costs incurred by projects; (2) the additional liabilities accrued based on the subsequent rulings of the litigations outstanding as at 31 December 2021; and (3) the adjustment on the elimination of intra-group transactions.

As at the date of this announcement, the auditing process for the consolidated financial statements of the Group for the year ended 31 December 2021 has not been completed. The Company expects that the Company will publish the audited annual results of the Group for the year ended 31 December 2021 on or before 30 September 2022. The adjustments above will be further explained and reflected in the audited annual results of the Group for the year ended 31 December 2021 after the completion of the auditing process.

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

The PRC, 31 August 2022

As at the date of this announcement, the executive directors of the Company are Mr. Kang Baohua, Mr. Zhao Zhongqiu, 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.