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Yuanda China Holdings Limited
遠大中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2789)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Yuanda China Holdings Limited (the “**Company**”) hereby announces the audited annual consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”), together with comparative figures for the year ended 31 December 2021.

FINANCIAL HIGHLIGHTS	2022	2021
	Approximately	Approximately
Revenue (<i>RMB million</i>)	3,263.6	3,055.3
Adjusted gross profit margin (<i>Note</i>)	11.1%	(13.8%)
Consolidated net profit/(loss) (<i>RMB million</i>)	72.1	(995.8)
Profit/(loss) for the year attributable to equity shareholders of the Company (<i>RMB million</i>)	72.1	(995.8)
Net cash generated from operating activities (<i>RMB million</i>)	76.8	134.1
Basic and diluted profit/(loss) per share (<i>RMB cents</i>)	1.16	(16.04)
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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

(Expressed in Renminbi (“RMB”))

		2022	2021
	<i>Note</i>	RMB’000	<i>RMB’000</i>
Revenue	6	3,263,601	3,055,262
Cost of sales		(2,876,265)	(2,629,465)
		<hr/>	<hr/>
Gross profit		387,336	425,797
Other income	7	25,467	50,788
Selling expenses		(56,474)	(71,949)
Administrative expenses		(371,116)	(363,706)
Expected credit losses of financial and contract assets and other receivables		(23,962)	(879,704)
		<hr/>	<hr/>
Loss from operations		(38,749)	(838,774)
Net finance costs	8(a)	147,354	(102,860)
		<hr/>	<hr/>
Profit/(loss) before taxation	8	108,605	(941,634)
Income tax	9	(36,476)	(54,195)
		<hr/>	<hr/>
Profit/(loss) for the year attributable to equity shareholders of the Company		72,129	(995,829)
		<hr/> <hr/>	<hr/> <hr/>
Profit/(loss) per share (RMB cents)			
– Basic and diluted	10	1.16	(16.04)
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

(Expressed in RMB)

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit/(loss) for the year	72,129	(995,829)
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	(212,664)	47,075
Other comprehensive income for the year	(212,664)	47,075
Total comprehensive income for the year attributable to equity shareholders of the Company	(140,535)	(948,754)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

(Expressed in RMB)

	<i>Note</i>	2022 RMB'000	2021 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		320,174	313,176
Right-of-use assets		212,914	221,034
Investment properties		31,906	33,106
Deferred tax assets		327,192	349,623
		892,186	916,939
Current assets			
Inventories and other contract costs		310,865	432,070
Contract assets	<i>11(a)</i>	1,616,958	1,580,502
Trade and bills receivables	<i>12</i>	1,634,433	1,583,507
Deposits, prepayments and other receivables		523,990	588,329
Restricted deposits		701,144	1,394,784
Cash and cash equivalents		219,455	284,219
		5,006,845	5,863,411
Current liabilities			
Trade and bills payables	<i>13</i>	1,839,774	1,824,425
Contract liabilities	<i>11(b)</i>	495,830	514,899
Accrued expenses and other payables		1,203,520	1,870,021
Bank loans		855,000	560,000
Income tax payable		254,427	241,356
Provision for warranties		50,458	38,973
		4,699,009	5,049,674
Net current assets		307,836	813,737
Total assets less current liabilities		1,200,022	1,730,676

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*At 31 December 2022**(Expressed in RMB)*

	<i>Note</i>	2022 RMB'000	2021 <i>RMB'000</i>
Non-current liabilities			
Bank loans		–	390,000
Lease liabilities		1,932	2,553
Provision for warranties		186,627	186,125
		<u>188,559</u>	<u>578,678</u>
NET ASSETS		<u>1,011,463</u>	<u>1,151,998</u>
CAPITAL AND RESERVES			
Share capital		519,723	519,723
Reserves		491,740	632,275
TOTAL EQUITY		<u>1,011,463</u>	<u>1,151,998</u>

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 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**”). Significant accounting policies adopted by the Group are disclosed below.

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 5 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 except for derivative financial instruments which are stated at their fair values.

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 in Renminbi (“**RMB**”), the consolidated financial statements are presented in Renminbi.

As at 31 December 2022, the Group had cash and cash equivalents of RMB248,759,000, while the Group had current liabilities of RMB4,699,009,000 including bank loans within one year or on demand of RMB855,000,000.

In this regard, the directors of the Company have identified various initiatives to address the Group’s liquidity needs, which include the following:

- The Group continues to improve its operating cash flows by accelerating the recovery of progress billings and collection of trade receivables, actively participating in bidding, negotiating with suppliers on payment terms, and reduction of operation expenses;

- The Group continues the negotiations with various banks to:
 - (i) renew the short-term bank loans upon maturity; and/or
 - (ii) provide additional bank facilities to the Group.
- Mr. Kang Baohua (the “**Controlling shareholder**”) and a company under his control have committed to provide the necessary financial support, including but not limited to: renewal of borrowings from Controlling shareholder and a company under his control upon maturity.

Based on a cash flow forecast of the Group prepared by the management and assuming success of the above measures, the directors of the Company are of the opinion that the Group would 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. Accordingly, the directors of the Company consider 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.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 4.

4 ACCOUNTING JUDGEMENTS AND ESTIMATES

The significant sources of estimation uncertainty are as follows:

(i) Revenue recognition

Revenue from construction contracts is recognised over time. Such revenue and profit recognition on incomplete projects is dependent on estimating the total budgeted contract costs of the contract, as well as the contract costs incurred to date. The actual outcomes in the terms of total cost may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in the future years as an adjustment to the amounts recorded to date.

(ii) Impairment of receivables and contract assets

Trade receivables and contract assets are reviewed by management at the end of each reporting period to determine the expected credit losses. The management bases the estimates on the historical credit loss experience, adjusted for factors that are specific to the debtors and assessments of both current and forecast general economic conditions. Credit risk assessments focus on the customers' past history of making payments when due and current ability and willingness to pay, taking into account the financial position of the customers and the macroeconomic environment in which the customers operate. The credit assessments also consider the status of the construction project, i.e. whether there is any delay, any unresolved lawsuits or contentious matters with customers. If the financial conditions of the customers and/or the macroeconomic environment of the Group were to deteriorate, resulting in an impairment of their ability to pay, additional impairment provision would be required.

(iii) Warranty provisions

The Group makes provisions under the warranties it gives on construction of curtain wall systems contracts, taking into account the Group's recent claim experience. As the curtain wall systems required by customers become more complex, the actual payment incurred for warranties provided may be different from that estimated at the end of the reporting period, which would affect profit or loss in future years.

(iv) Taxation

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.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised. In determining the amount of deferred tax assets to be recognised, significant judgement is required relating to the timing and level of future taxable profits, after taking into account future tax planning strategies. The amount of deferred tax assets recognised at future dates are adjusted if there are significant changes from these estimates.

(v) Impairment of property, plant and equipment and land use rights

If circumstances indicate that the carrying amount of the Group's property, plant and equipment and land use rights may not be fully recoverable, these assets are tested for impairment in accordance with accounting policy for impairment of non-current assets and the recoverable amount of the Group's property, plant and equipment and land use rights was calculated.

The recoverable amount is the greater of the fair value less costs of disposal and the value in use. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions related to fair value assessment of the property, plant and equipment and land use rights. Changes in these estimates could have a significant impact on the recoverable amount of the assets and could result in additional impairment charge or reversal of impairment in future periods.

5 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:

- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3, *Reference to the Conceptual Framework*
- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

None of these developments have had a material effect on how the Group's results and financial position for the current accounting period 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.

6 REVENUE AND SEGMENT REPORTING

(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 6(b).

(i) *Disaggregation of revenue*

Revenue represents contract revenue derived from the design, procurement, production, sale and installation of curtain wall systems. Disaggregation of revenue from contracts with customers within the scope of IFRS 15 by timing of revenue recognition is as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Over time	3,195,104	3,001,947
Point in time	68,497	53,315
	<hr/> 3,263,601 <hr/>	<hr/> 3,055,262 <hr/>

Disaggregation of revenue by geographic markets is disclosed in Note 6(b)(iii).

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 2022 and 2021.

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

As at 31 December 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB6,133.9 million (2021: RMB7,448.2 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 (2021: 48 months).

As at 31 December 2022, the aggregated amount of the expected transaction price of the potential contracts (including tax) of which the Group has won the bidding is RMB4,986.6 million (2021: RMB5,205.3 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 financial assets 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 2022 and 2021. The Group's other operating expenses, such as selling and administrative expenses, expected credit losses for other receivables and net finance costs, are not measured under individual segments.

The Group's most senior executive management monitors 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 2022 and 2021 is set out below.

	2022		
	Domestic <i>RMB'000</i>	Overseas <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers and reportable segment revenue	1,471,880	1,791,721	3,263,601
Reportable segment adjusted gross profit	237,412	124,178	361,590
	2021		
	Domestic <i>RMB'000</i>	Overseas <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers and reportable segment revenue	1,460,851	1,594,411	3,055,262
Reportable segment adjusted gross (loss)/profit	(534,779)	112,736	(422,043)

(ii) Reconciliation of reportable segment profit or loss

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Reportable segment adjusted gross profit/(loss)	361,590	(422,043)
Other income	25,467	50,788
Selling expenses	(56,474)	(71,949)
Administrative expenses	(371,116)	(363,706)
Reversal/(provision) of expected credit losses of other receivables	1,784	(31,864)
Net finance costs	147,354	(102,860)
Profit/(loss)before taxation	108,605	(941,634)

(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.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Disaggregated by geographical location of customers		
Mainland China	1,471,880	1,460,851
United Kingdom	781,332	621,740
Australia	408,892	151,001
United States of America	118,462	224,047
Others	483,035	597,623
	<u>1,791,721</u>	<u>1,594,411</u>
	<u>3,263,601</u>	<u>3,055,262</u>

Vast majority of the Group's non-current assets are located in the mainland China. As such, geographical analysis of the Group's non-current assets is not presented.

7 OTHER INCOME

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Government grants	10,842	21,455
Rental income from investment property	8,201	9,266
Rental income from operating leases, other than those relating to investment property	187	265
Fair value gain of investment in securities	3,587	–
Net income from provision of repairs and maintenance services	1,582	2,791
Net gain from sale of scrap materials	1,102	653
Net (loss)/gain on disposal of property, plant and equipment and land use rights	(34)	16,358
	<u>25,467</u>	<u>50,788</u>

8 PROFIT/(LOSS) BEFORE TAXATION

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

(a) Net finance costs:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on borrowings	95,481	116,387
Interest on lease liabilities	455	597
Bank charges and other finance costs	11,746	14,180
	<hr/>	<hr/>
Total borrowing costs	107,682	131,164
Interest income	(21,634)	(22,966)
Net foreign exchange (gain)/loss	(234,446)	61,697
Net loss/(gain) on forward foreign exchange contracts	1,044	(67,035)
	<hr/>	<hr/>
	(147,354)	102,860
	<hr/> <hr/>	<hr/> <hr/>

No borrowing costs have been capitalised for the years ended 31 December 2022 and 2021.

(b) Staff costs#:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Salaries, wages and other benefits	406,223	422,222
Contributions to defined contribution retirement plans	33,609	27,564
	<hr/>	<hr/>
	439,832	449,786
	<hr/> <hr/>	<hr/> <hr/>

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 14% to 16% (2021: from 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 abovementioned retirement schemes at their normal retirement age.

The employees of overseas subsidiaries of the Group 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.

In addition, certain qualified employees of overseas subsidiaries also participate in defined benefit retirement plan. The subsidiary's payment obligation in the future under such plan are discounted and recognised as liabilities, deducted by the related plan assets, presented in other payables in the statement of financial position.

Contributions to these retirement plans vest immediately. There are no forfeited contributions that may be used by the Group to reduce the existing level of distribution. The Group does not have any further material obligations for payments of other retirement benefits beyond the above annual contributions.

(c) Other items:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation and amortisation [#]		
– owned property, plant and equipment	25,729	27,905
– right-of-use assets	26,888	39,336
– investment properties	1,200	1,848
Auditors' remuneration	14,948	10,576
Research and development costs [#]	72,867	89,171
Increase in provision for warranties [#]	59,486	52,217
Cost of inventories [#]	2,876,265	2,629,465

[#] Cost of inventories includes RMB274.7 million for the year ended 31 December 2022 (2021: RMB301.8 million), relating to staff costs, depreciation and amortisation expenses, research and development costs and provision for warranties, which amount is also included in the respective total amounts disclosed separately for each of these types of expenses.

9 INCOME TAX

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

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
– provision for corporate income tax in respective jurisdictions	13,012	34,345
Deferred tax:		
– origination and reversal of temporary differences	23,464	19,850
	36,476	54,195

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit/(loss) before taxation	<u>108,605</u>	<u>(941,634)</u>
Expected tax on profit/(loss) before taxation, calculated at the rates applicable in the jurisdictions concerned (<i>Notes (i), (ii), (iii) and (iv)</i>)	21,072	(233,538)
Tax effect of non-deductible expenses	3,383	20,678
Tax effect of non-taxable income	(18,345)	–
Tax effect of utilisation of prior years' unused tax losses previously not recognised	(30,647)	(29,053)
Tax effect of unused tax losses and deductible temporary differences not recognised	61,292	302,253
Tax effect of reversal of recognised deferred tax	10,609	7,179
Tax concessions and effect of changes of tax rate (<i>Note (v)</i>)	<u>(10,888)</u>	<u>(13,324)</u>
Income tax	<u>36,476</u>	<u>54,195</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 2022 (2021: 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 2022 (2021: 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 2022 (2021: 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 2022 pursuant to the rules and regulations of their respective countries of incorporation (2021: 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 2022 (2021: 15%). In addition, this subsidiary is entitled to an additional 100% tax deduction to its assessable profits (2021: 100%) in respect of the qualified research and development costs incurred in the PRC.

- (vi) 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.

10 PROFIT/(LOSS) PER SHARE

(a) Basic profit/(loss) per share

The basic profit per share for the year ended 31 December 2022 is calculated based on the profit attributable to equity shareholders of the Company of RMB72.1 million (2021: loss of RMB995.8 million) and the weighted average of 6,208,734,000 ordinary shares (2021: 6,208,734,000 ordinary shares) in issue during the year ended 31 December 2022, calculated as follows:

Weighted average number of ordinary shares

	2022 No. of shares '000	2021 No. of shares '000
Weighted average number of ordinary shares at 31 December	<u><u>6,208,734</u></u>	<u><u>6,208,734</u></u>

(b) Diluted profit/(loss) per share

There were no dilutive potential shares outstanding during the years ended 31 December 2022 and 2021. Hence, the diluted profit/(loss) per share is the same as basic profit/(loss) per share.

11 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2022 RMB'000	2021 RMB'000
Contract assets		
Arising from performance under construction contracts	2,445,823	2,363,737
Less: loss allowance	(828,865)	(783,235)
	<u><u>1,616,958</u></u>	<u><u>1,580,502</u></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 RMB107.5 million at 31 December 2022 (31 December 2021: RMB145.9 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 RMB0.8 million at 31 December 2022 (31 December 2021: RMB0.6 million) due from the companies under the control of the Controlling Shareholder.

The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached, these payment schedules prevent the build-up of significant contract assets. The Group typically agrees to a one to five years retention period after the completion of construction contracts, depending on the market practice in the countries where construction contracts are carried out and credit assessment performed by management on an individual customer basis.

The amount of revenue recognised during the year from performance obligations satisfied (or partially satisfied) in previous periods is RMB28.0 million (2021: RMB162.1 million), mainly due to the changes in estimate of the stage of completion of certain construction contracts and approved contract modifications.

(b) Contract liabilities

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities		
Construction contracts		
– Billings in advance of performance	495,830	514,899

Included in contract liabilities are amounts of RMB2.3 million at 31 December 2022 (31 December 2021: RMB2.3 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.

When the Group receives a deposit before the construction activity commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit.

Movements in contract liabilities

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January	514,899	566,515
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(244,046)	(332,511)
Increase in contract liabilities as a result of billing and receipt in advance of construction activities	224,977	280,895
Balance at 31 December	495,830	514,899

12 TRADE AND BILLS RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables for contract work due from:		
– third parties	3,249,339	3,230,692
– companies under the control of the Controlling Shareholder	179,560	164,061
	<u>3,428,899</u>	<u>3,394,753</u>
Bills receivable for contract work	<u>115,715</u>	<u>107,103</u>
Trade receivables for sale of raw materials due from:		
– third parties	4,446	5,405
– companies under the control of the Controlling Shareholder	1,701	1,720
	<u>6,147</u>	<u>7,125</u>
	<u>3,550,761</u>	<u>3,508,981</u>
Less: loss allowance	<u>(1,916,328)</u>	<u>(1,925,474)</u>
Financial assets measured at amortised cost	<u><u>1,634,433</u></u>	<u><u>1,583,507</u></u>

At 31 December 2022, the amount of retentions receivable from customers included in trade and bills receivables (net of loss allowance) is RMB398.9 million (31 December 2021: RMB472.8 million).

Except for retentions receivable (net of loss allowance) of RMB87.2 million at 31 December 2022 (31 December 2021: RMB147.3 million), all of the remaining trade and bills receivables are expected to be recovered within one year.

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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	241,984	330,095
More than 1 year	1,392,449	1,253,412
	<u>1,634,433</u>	<u>1,583,507</u>

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

13 TRADE AND BILLS PAYABLES

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables for purchase of inventories due to:		
– third parties	1,105,141	1,003,156
– companies under the control of the Controlling Shareholder	4,893	5,667
	1,110,034	1,008,823
Trade payables due to sub-contractors	659,271	621,489
Bills payable	70,469	194,113
	1,839,774	1,824,425
Financial liabilities measured at amortised cost	1,839,774	1,824,425

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:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month or on demand	1,787,216	1,711,229
More than 1 month but less than 3 months	38,353	75,733
More than 3 months	14,205	37,463
	1,839,774	1,824,425

14 DIVIDENDS

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

The directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2022 (2021:HK\$Nil).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

No final dividend in respect of the previous financial year has been approved during the year ended 31 December 2022 (2021: HK\$Nil).

15 CONTINGENT LIABILITIES

(a) Guarantees issued

At 31 December 2022, the Group has issued the following guarantees:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Guarantees for construction contracts' bidding, performance and retentions	<u>558,422</u>	<u>749,875</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 RMB6.9 million) plus accrued interest.

The former sub-contractor and Shenyang Yuanda and Yuanda India later on 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 RMB118.6 million) plus accrued interest. Shenyang Yuanda and Yuanda India deny any liability in respect of the appeal filed by the former sub-contractor and, based on legal advice, 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 2022, a wholly-owned subsidiary of the Group, Yuanda (UK) Co., Ltd (“**Yuanda UK**”) received a notice that Yuanda UK together with other various parties were being sued by Crest Nicholson in United Kingdom relating to defects of Admiralty Quarter development. Yuanda UK was the glazing sub-contractor for one building constructed by Ardmore Construction Limited, the main contractor. The Crest Nicholson estimated total cost for remedial works required to address all the defects amounting to GBP24.0 million (equivalent to approximately RMB201.5 million). Based on the confirmation with professional indemnity insurers of Yuanda UK, this claim falls for cover under the professional indemnity policy agreed between the insurer and Yuanda UK, but the coverage of the amount was not able to determine as the resulting loss allocated to Yuanda UK has not been determined. Thus, the directors of the Company cannot reliably estimate the remaining compensation borne by Yuanda UK. No provision in this regard has therefore been made.
- (iii) In addition to the lawsuit mentioned in Note 15(b)(i) to 15(b)(ii), certain subsidiaries of the Group are named defendants on other lawsuits, arbitrations or tax disputes in respect of construction work carried out by them. As at the date of this announcement, these lawsuits, arbitrations and disputes are under reviewed before courts, arbitrators or tax bureaus. If these subsidiaries are found to be liable, the total expected monetary compensation may amount to approximately RMB285.3 million, of which RMB22.5 million has already been provided for and the Group’s bank deposits and other deposits of RMB74.3 million at 31 December 2022 was frozen by courts or insurance companies for certain of these lawsuits or disputes. Based on legal advice and assessment from the directors of the Company on these lawsuits, arbitrations or tax disputes, the directors of the Company do not believe it is probable that the courts, arbitrators or tax bureaus will find against these subsidiaries of the Group on these lawsuits, arbitrations and tax disputes.

(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.

BUSINESS REVIEW

Overall performance

In 2022, the global economy was impacted by multiple uncertainties, resulting in a relatively slow recovery. Several regions in the country experienced a resurgence in COVID-19 pandemic, prompting the government to optimize and adjust its containment policies, thereby laying the groundwork for economic improvement. According to the data from the National Bureau of Statistics of China, China's gross domestic product (the "GDP") grew by 3% year -on-year, showing a steady growth of China's economy. During the Reporting Period, with the guidance of "product-driven, technology-leading, customer-oriented and value-creating", the Group closely followed the changes in domestic and overseas market conditions, deeply cultivated high-quality customers and markets, improved the overall contract quality and stabilised operational risks. Meanwhile, we will further promote the reform of internal management, implement operation with accountability, improve quality and efficiency and reduce costs to support the steady development of our business.

For the year ended 31 December 2022, the profit attributable to equity shareholders of the Company was about RMB72.1 million (2021: a loss for the year attributable to equity shareholders of the Company of about RMB995.8 million). The main reason was the decrease in credit losses on financial and contract assets and other receivables.

Newly-awarded projects (including VAT)

During the year 2022, the aggregate amount of newly-awarded projects of the Group decreased by about RMB2,220.5 million or 51.0% as compared with last year to about RMB2,137.4 million (2021: about RMB4,357.9 million). The main reason for the decrease was the impact of the economic environment in overseas markets and that the Group adopted a more prudent business strategy to avoid credit risk arising from customers whose cash flows were affected.

	2022		2021	
	<i>Numbers of projects</i>	<i>RMB million</i>	<i>Numbers of projects</i>	<i>RMB million</i>
Domestic	79	1,494.2	51	2,214.9
Overseas	37	643.2	19	2,143.0
Total	116	2,137.4	70	4,357.9

Backlog

As at 31 December 2022, the remaining contract value of backlog of the Group decreased by about RMB1,533.0 million or 12.1% as compared with last year to about RMB11,120.5 million (31 December 2021: about RMB12,653.5 million), which could support a sustainable development of the Group for the next 2-3 years.

	2022		2021	
	Remaining value of contracts		Remaining value of contracts	
	<i>Numbers of projects</i>	<i>RMB million</i>	<i>Numbers of projects</i>	<i>RMB million</i>
Domestic	208	4,799.4	191	4,599.0
Overseas	80	6,321.1	87	8,054.5
Total	<u>288</u>	<u>11,120.5</u>	<u>278</u>	<u>12,653.5</u>

Major technology achievements and awards

In 2022, the Group obtained 9 patents for utility model .

BUSINESS PROSPECTS

Looking ahead to 2023, the global political and economic turmoil continues, with macro policy tightening, interest rate hiking in major countries and economies, and the impact of the pandemic on the global supply chain, among other factors, all imposing multiple challenges to global economic growth. As China optimizes pandemic management and control policies, the impact of pandemic gradually subsides, and various economic stabilization policies take effect, China's real estate market is gradually stabilizing and recovering, transitioning to a new development model. In the face of constantly changing internal and external environments, the Group will consistently maintain a cautious and steady development strategy, refine on quality and customer service, continually reduce costs and increase efficiency, improve the overall and efficient use of capital, and continuously enhance operational management. We will consistently focus on the long-term strategy, overcome difficulties, and continuously improve shareholder returns and shareholder value.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2022, the revenue of the Group increased by about RMB208.3 million or 6.8% as compared with last year to about RMB3,263.6 million (2021: about RMB3,055.3 million). The rise is mainly due to the gradual recovery of construction progress. Among which:

1. the revenue from domestic market of the Group increased by about RMB11.0 million or 0.8% as compared with last year to about RMB1,471.9 million (2021: about RMB1,460.9 million), contributing approximately 45.1% of the total revenue of the Group; and
2. the revenue from overseas market of the Group increased by about RMB197.3 million or 12.4% as compared with last year to about RMB1,791.7 million (2021: about RMB1,594.4 million), contributing approximately 54.9% of the total revenue of the Group.

Cost of sales

In 2022, the cost of sales of the Group increased by about RMB246.8 million or 9.4% as compared with last year to about RMB2,876.3 million (2021: about RMB2,629.5 million). With the increase in revenue during 2022, the related costs of sales increased correspondingly.

Adjusted gross profit margin

In 2022, the adjusted gross profit margin of the Group increased by about 24.9% as compared with last year to about 11.1% (2021: about -13.8%). 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 increased by about 52.7% as compared with last year to about 16.1% (2021: about -36.6%); and
2. the overseas adjusted gross profit margin of the Group decreased by about 0.2% as compared with last year to about 6.9% (2021: about 7.1%).

Other income

Other income of the Group primarily comprised of government grants, income from holding securities rental revenue from operating leases and net income from provision of repairs and maintenance services.

In 2022, the other income of the Group decreased by about RMB25.3 million or 49.9% as compared with last year to about RMB25.5 million (2021: about RMB50.8 million). The decrease in the Group's other income was mainly due to the decrease in government grants and the decrease in the gain on disposal of assets.

Selling expenses

In 2022, the selling expenses of the Group decreased by about RMB15.4 million or 21.5% as compared with last year to about RMB56.5 million (2021: about RMB71.9 million), accounted for approximately 1.7% of the operating revenue of the Group (2021: 2.4%). This was mainly due to the strict control of expenses.

Administrative expenses

In 2022, the administrative expenses of the Group increased by about RMB7.4 million or 2.0% as compared with last year to about RMB371.1 million (2021: about RMB363.7 million), accounted for approximately 11.4% of the operating revenue of the Group (2021: 11.9%). The decrease in such ratio was mainly due to the effect of headcount optimization policy and strict control of administrative expenses.

Net finance costs

In 2022, the net finance costs of the Group decreased by about RMB250.3 million or 243.2% as compared with last year to about RMB-147.4 million (2021: about RMB102.9 million), accounted for -4.5% of the operating revenue of the Group (2021: 3.4%). This was mainly due to the increased foreign exchange gain.

Income tax

In 2022, the net income tax benefit of the Group was about RMB36.5 million (2021: an income tax benefit of about RMB54.2 million).

Consolidated net profit/(loss)

As a result of the foregoing, in 2022, the consolidated net profit of the Group was about RMB72.1 million (2021: a consolidated net loss of about RMB995.8 million).

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

In 2022, the profit attributable to equity shareholders of the Company was about RMB72.1 million (2021: a loss attributable to equity shareholders of the Company of about RMB995.8 million).

Net current assets and financial resources

As at 31 December 2022, the net current assets of the Group decreased by about RMB505.9 million or 62.2% as compared with last year to about RMB307.8 million (31 December 2021: about RMB813.7 million). This was mainly due to the transfer of part of the long-term loans to be paid within one year in the current year.

As at 31 December 2022, the restricted deposits of the Group decreased by about RMB723.0 million or 51.8% as compared with last year to about RMB671.8 million (31 December 2021: about RMB1,394.8 million), mainly denominated in RMB.

As at 31 December 2022, the cash and cash equivalents of the Group decreased by about RMB35.4 million or 12.5% as compared with last year to about RMB248.8 million (31 December 2021: about RMB284.2 million), mainly denominated in RMB, USD, Qatar Riyal, Euro, GBP and AUD.

Bank loans and gearing ratio

As at 31 December 2022, the total bank loan of the Group decreased by about RMB95 million or 10.0% as compared with last year to about RMB855.0 million (31 December 2021: about RMB950.0 million). The bank loan as at 31 December 2022 were denominated in RMB of which approximately RMB855.0 million were repayable within one year.

The Group's gearing ratio (calculated by total liabilities divided by total assets) was 82.9% (31 December 2021: 83.0%).

Turnover days

Turnover days (day)	2022	2021
Receivables (<i>note 1</i>)	302	386
Trade and bills payables (<i>note 2</i>)	315	383
Inventory (<i>note 3</i>)	75	77

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 decreased by about 84 days or 21.8% as compared with last year to about 302 days (2021: about 386 days).

During the Reporting Period, the turnover days of trade and bill payables decreased by about 68 days or 17.8% as compared with last year to about 315 days (2021: about 383 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 2022, the inventory and contract costs of the Group decreased by about RMB121.2 million or 28.0% as compared with last year to about RMB310.9 million (31 December 2021: about RMB432.1 million).

Capital expenditure

In 2022, the payment for capital expenditure of the Group decreased by about RMB8.5 million or 93.4% as compared with last year to about RMB0.6 million (2021: about RMB9.1 million), which was mainly the expenditure on the purchase of piecemeal machinery and equipment in the current year.

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 will be maintained at an acceptable level.

Contingent liabilities

Details of the Group's contingent liabilities as at 31 December 2022 are set out in Note 15.

Charge on assets

As at 31 December 2022, the aggregate carrying value of the property, plant and equipment, land use rights pledged for the Group's bank loans is RMB358.0 million.

As at 31 December 2022, the carrying value of the time and other deposits pledged for the bank loans and bank bills and letter of credit issued by the Group is RMB479.4 million.

Save as disclosed above, the Group had no other charge on its assets as at 31 December 2022.

Material acquisitions and disposals

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

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 2022, an accumulated amount of approximately HK\$2,062 million of proceeds from the Global Offering (of which expansion of production capacity: HK\$619 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\$341 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 2022, the Group had 2,511 full-time employees in total (31 December 2021: 2,769). 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.

SCOPE OF WORK OF THE AUDITORS

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group’s auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

REVIEW OF ANNUAL RESULTS

The audited annual results of the Group for the year ended 31 December 2022 have also been reviewed and approved by the audit committee of the Company (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.

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 2022, the Company has complied with all code provisions of the Corporate Governance Code as set forth in Appendix 14 of Rules Governing the Listing of Securities on the Stock Exchange (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 Group 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 2022.

FINAL DIVIDEND

The Board has resolved not to declare any final dividend for the year ended 31 December 2022 (2021: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “**Annual General Meeting**”) will be held on Tuesday, 6 June 2023. A notice of the Annual General Meeting will be published and dispatched to shareholders of the Group in the manner required by the Listing Rules in due course.

BOOK CLOSURE PERIOD AND RECORD DATE

For the purpose in determining who will be eligible to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Thursday, 1 June 2023 to Tuesday, 6 June 2023 (both days inclusive), during which time no transfer of shares will be registered. To ensure that the shareholders are entitled to attend and vote at the Annual General Meeting, the shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Group’s share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen’s Road Central, Hong Kong by no later than 4:30 p.m. on Wednesday, 31 May 2023 for registration of the relevant transfer.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE GROUP

For the year ended 31 December 2022, 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 2022.

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 Stephens CPA Limited (“**Moore Hong Kong**”) as the new auditor of the Company with effect from 20 December 2021 to fill the casual vacancy following the resignation of KPMG.

Afterwards Moore Hong Kong has resigned with effect from 17 June 2022 taking into account several factors, including but not limited to the impact of the prevention and control policies in response to the recent resurgence of COVID-19 pandemic in both Hong Kong and mainland China on the Company’s financial reporting and auditing procedures. The Company then has approved the appointment of KPMG as the new auditor of the Company with effect from 30 June 2022, and has gone through the reappointment procedure at the annual general meeting of the Company dated 18 November 2022.

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 results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Group (<http://www.yuandacn.com>). The annual report of the Company for the year ended 31 December 2022 will be dispatched to the shareholders of the Company 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 March 2023

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.