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

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2789)**

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Yuanda China Holdings Limited (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”). The interim financial information of the Group for the Reporting Period has not been audited, but has been reviewed by the audit committee (the “**Audit Committee**”) of the Company.

<b>FINANCIAL HIGHLIGHTS</b>	<b>For the six months ended 30 June 2024 (Approximately)</b>	<b>For the six months ended 30 June 2023 (Approximately)</b>
Revenue ( <i>RMB million</i> )	<b>1,088.2</b>	1,034.2
Adjusted gross profit margin ( <i>Note</i> )	<b>18.5%</b>	5.6%
Profit for the period attributable to equity shareholders of the Company ( <i>RMB million</i> )	<b>6.0</b>	6.4
Net cash (used in)/generated from operating activities ( <i>RMB million</i> )	<b>(198.6)</b>	185.1
Basic and diluted earnings per share ( <i>RMB cents</i> )	<b>0.10</b>	0.10
Proposed interim dividend per share ( <i>HKD cents</i> )	<b>NIL</b>	NIL

*Note:* Adjusted gross profit margin represents gross profit margin after impairment losses for financial assets and contract assets.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024 — unaudited

(Expressed in Renminbi (“RMB”))

	Note	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
<b>Revenue</b>	3	<b>1,088,162</b>	1,034,150
Cost of sales		<u>(873,297)</u>	<u>(933,002)</u>
<b>Gross profit</b>		<b>214,865</b>	101,148
Other income		<b>3,126</b>	8,441
Selling expenses		<b>(19,089)</b>	(20,086)
Administrative expenses		<b>(151,426)</b>	(138,302)
Expected credit losses of financial and contract assets		<u><b>(13,245)</b></u>	<u>(42,991)</u>
<b>Profit/(loss) from operations</b>		<b>34,231</b>	(91,790)
Net finance (expense)/income	4(a)	<u><b>(24,862)</b></u>	<u>103,610</u>
<b>Profit before taxation</b>	4	<b>9,369</b>	11,820
Income tax	5	<u><b>(3,393)</b></u>	<u>(5,454)</u>
<b>Profit for the period attributable to equity shareholders of the Company</b>		<u><b>5,976</b></u>	<u>6,366</u>
<b>Earnings per share (RMB cents)</b>			
— Basic and diluted	6	<u><b>0.10</b></u>	<u>0.10</u>

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

For the six months ended 30 June 2024 — unaudited

(Expressed in RMB)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>Profit for the period</b>	<b>5,976</b>	<b>6,366</b>
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
Item that is or may be reclassified subsequently to profit or loss:		
— exchange differences on translation of financial statements	<u>(29,180)</u>	<u>(127,169)</u>
<b>Total comprehensive income for the period attributable to equity shareholders of the Company</b>	<b><u>(23,204)</u></b>	<b><u>(120,803)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 — unaudited

(Expressed in RMB)

		At 30 June 2024	At 31 December 2023
	Note	RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		317,702	350,984
Right-of-use assets		210,508	215,441
Investment properties		30,035	30,706
Deferred tax assets		332,174	332,794
		<u>890,419</u>	<u>929,925</u>
<b>Current assets</b>			
Inventories and other contract costs		257,764	259,193
Contract assets	7(a)	1,167,712	1,188,488
Trade and bills receivables	8	1,602,477	1,529,231
Deposits, prepayments and other receivables		471,855	457,724
Restricted deposits		597,850	320,986
Cash and cash equivalents		124,340	274,515
		<u>4,221,998</u>	<u>4,030,137</u>
<b>Current liabilities</b>			
Trade and bills payables	9	1,474,396	1,573,174
Contract liabilities	7(b)	536,676	508,569
Accrued expenses and other payables		292,235	338,716
Bank loans		703,950	713,950
Other borrowings		740,833	424,407
Income tax payable		234,029	239,607
Provision for warranties		50,867	62,357
		<u>4,032,986</u>	<u>3,860,780</u>
<b>Net current assets</b>		<u>189,012</u>	<u>169,357</u>
<b>Total assets less current liabilities</b>		<u>1,079,431</u>	<u>1,099,282</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***At 30 June 2024 — unaudited (continued)**(Expressed in RMB)*

	<b>At</b>	<b>At</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Non-current liabilities</b>		
Lease liabilities	7,272	9,094
Provision for warranties	<u>210,663</u>	<u>205,488</u>
	<u><u>217,935</u></u>	<u><u>214,582</u></u>
<b>NET ASSETS</b>	<u><b>861,496</b></u>	<u><b>884,700</b></u>
<b>CAPITAL AND RESERVES</b>		
Share capital	519,723	519,723
Reserves	<u>341,773</u>	<u>364,977</u>
<b>TOTAL EQUITY</b>	<u><b>861,496</b></u>	<u><b>884,700</b></u>

## NOTES

(Expressed in RMB unless otherwise indicated)

### 1 BASIS OF PREPARATION

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

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

As at 30 June 2024, the Group had cash and cash equivalents of RMB124,340,000, while the Group had bank loans and other borrowings within one year or on demand of RMB1,444,783,000. The net current assets of the Group decreased to RMB189,012,000 as at 30 June 2024 compared with that of RMB169,357,000 as at 31 December 2023, and the net profit for the six months ended 30 June 2024 decreased to profit of RMB5,976,000 compared with that of profit of RMB6,366,000 for the six months ended 30 June 2023.

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

- the Group continues to improve its operating cash flows by accelerating the progress billings and collection of trade receivables, negotiating with suppliers on payment terms, and reduction of operation expenses; and
- 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 the borrowings from Controlling Shareholder and a company under his control upon maturity.

Based on the 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 at least twelve months from the end of the reporting period. Accordingly, the directors of the Company consider it is appropriate to prepare the interim financial information on a going concern basis.

## 2 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“**2020 amendments**”)
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“**2022 amendments**”)
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

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

## 3 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by geographical locations of the construction contracts in a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resource allocation and performance assessment. The Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

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

(a) **Disaggregation of revenue**

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Over time	<b>1,006,205</b>	964,842
Point in time	<b>81,957</b>	69,308
	<b><u>1,088,162</u></b>	<b><u>1,034,150</u></b>
<b>Disaggregated by geographical location of customers</b>		
Chinese Mainland	<b>535,336</b>	347,719
Qatar	<b>121,641</b>	57,630
United Kingdom	<b>101,479</b>	177,039
United States of America	<b>81,977</b>	97,536
Australia	<b>30,038</b>	193,748
Others	<b>217,691</b>	160,478
	<b><u>552,826</u></b>	<b><u>686,431</u></b>
	<b><u>1,088,162</u></b>	<b><u>1,034,150</u></b>

(b) **Segment results**

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

The measure used for reporting segment result is "adjusted gross profit" (i.e. gross profit less impairment losses for 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 revenues have occurred for the six months ended 30 June 2024 and 2023. The Group's other operating expenses, such as selling and administrative expenses, impairment losses for other receivables and net finance costs, are not measured under individual segments.



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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2024 and 2023 is set out below.

	<b>Six months ended 30 June 2024</b>		
	<b>Domestic RMB'000</b>	<b>Overseas RMB'000</b>	<b>Total RMB'000</b>
<b>Revenue from external customers and reportable segment revenue</b>	<b>535,336</b>	<b>552,826</b>	<b>1,088,162</b>
<b>Reportable segment adjusted gross profit</b>	<b>129,635</b>	<b>71,985</b>	<b>201,620</b>

	<b>Six months ended 30 June 2023</b>		
	<b>Domestic RMB'000</b>	<b>Overseas RMB'000</b>	<b>Total RMB'000</b>
Revenue from external customers and reportable segment revenue	347,719	686,431	1,034,150
Reportable segment adjusted gross profit	15,778	42,379	58,157

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

	<b>Six months ended 30 June</b>	
	<b>2024 RMB'000</b>	<b>2023 RMB'000</b>
Reportable segment adjusted gross profit	201,620	58,157
Other income	3,126	8,441
Selling expenses	(19,089)	(20,086)
Administrative expenses	(151,426)	(138,302)
Net finance (expense)/income	(24,862)	103,610
Profit before taxation	<b>9,369</b>	<b>11,820</b>

#### 4 PROFIT BEFORE TAXATION

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

(a) Net finance expense/(income):

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on borrowings	31,795	37,642
Interest on lease liabilities	446	231
Bank charges and other finance costs	7,848	6,405
	<hr/>	<hr/>
Total borrowing costs	40,089	44,278
Interest income	(4,879)	(27,344)
Net foreign exchange gain	(11,048)	(125,943)
Net loss on forward foreign exchange contracts	700	5,399
	<hr/>	<hr/>
	<b>24,862</b>	<b>(103,610)</b>
	<hr/> <hr/>	<hr/> <hr/>

(b) Staff costs:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, wages and other benefits	182,477	180,593
Contributions to defined contribution retirement plans	17,191	16,981
	<hr/>	<hr/>
	<b>199,668</b>	<b>197,574</b>
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(c) **Other items:**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Depreciation and amortisation		
— owned property, plant and equipment	<b>11,799</b>	12,751
— right-of-use assets	<b>15,648</b>	13,754
— investment properties	<b>600</b>	600
Net loss on disposal of property, plant and equipment	<b>10,460</b>	267
Research and development costs	<b>12,435</b>	12,159
Increase in provision for warranties	<b>19,481</b>	22,644
Cost of inventories	<b>873,297</b>	933,002

**5 INCOME TAX**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Current tax:		
— provision for corporate income tax in respective jurisdictions	<b>2,322</b>	115
Deferred tax:		
— originating and reversal of temporary differences	<b>1,071</b>	5,339
	<b>3,393</b>	5,454

The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 30 June 2024 (six months ended 30 June 2023: 16.5%). No provision for Hong Kong Profits Tax has been made as the Company and the subsidiaries of the Group incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB Nil).

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

The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% for the six months ended 30 June 2024 (six months ended 30 June 2023: 25%).

The subsidiaries of the Group incorporated in countries other than the PRC (including Hong Kong), the Cayman Islands and the British Virgin Islands, are subject to income tax rates ranging from 8.5% to 30% for the six months ended 30 June 2024 pursuant to the rules and regulations of their respective countries of incorporation (six months ended 30 June 2023: 8.5% to 30%).

One of the subsidiaries of the Group established in the PRC is taxed as an enterprise with advanced and new technologies and therefore enjoys a preferential PRC Corporate Income Tax rate of 15% for the six months ended 30 June 2024 (six months ended 30 June 2023: 15%). In addition to the preferential PRC Corporate Income Tax rate, this subsidiary entitles an additional tax deductible allowance amounted to 100% (six months ended 30 June 2023: 100%) of the qualified research and development costs incurred in the PRC by this subsidiary.

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

## **6 BASIC AND DILUTED EARNINGS PER SHARE**

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

The basic earnings per share for the six months ended 30 June 2024 is calculated based on the profit attributable to equity shareholders of the Company of RMB5,976,000 (six months ended 30 June 2023: RMB6,366,000) and the weighted average of 6,208,734,000 ordinary shares (six months ended 30 June 2023: 6,208,734,000 ordinary shares) in issue during the interim period.

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

There are no dilutive potential shares outstanding during the six months ended 30 June 2024 and 2023. Hence, the diluted earnings per share is the same as basic earnings per share.

## 7 CONTRACT ASSETS AND CONTRACT LIABILITIES

### (a) Contract assets

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
<b>Contract assets</b>		
Arising from performance under construction contracts	1,629,757	1,651,721
Less: loss allowance	<u>(462,045)</u>	<u>(463,233)</u>
	<b><u>1,167,712</u></b>	<b><u>1,188,488</u></b>

#### Notes:

- (i) All of the amounts are expected to be billed within one year from the end of the reporting period, except for the amounts of RMB107.9 million at 30 June 2024 (31 December 2023: RMB103.6 million) related to retentions receivable (net of loss allowance) which are expected to be recovered over one year.
- (ii) 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.

### (b) Contract liabilities

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
<b>Contract liabilities</b>		
Construction contracts		
— billings in advance of performance	<u>536,676</u>	<u>508,569</u>

#### Notes:

- (i) All of the contract liabilities are expected to be recognised as revenue within one year.
- (ii) 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.

## 8 TRADE AND BILLS RECEIVABLES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Trade receivables for contract work due from:		
— third parties	3,398,182	3,279,266
— companies under the control of the Controlling Shareholder	<u>180,450</u>	<u>186,027</u>
	<u>3,578,632</u>	<u>3,465,293</u>
Bills receivable for contract work	<u>83,179</u>	<u>126,012</u>
Trade receivables for sale of materials due from:		
— third parties	5,063	4,427
— companies under the control of the Controlling Shareholder	<u>2,046</u>	<u>2,284</u>
	<u>7,109</u>	<u>6,711</u>
	<b>3,668,920</b>	<b>3,598,016</b>
Less: loss allowance	<u>(2,066,443)</u>	<u>(2,068,785)</u>
Financial assets measured at amortised cost	<u><b>1,602,477</b></u>	<u><b>1,529,231</b></u>

At 30 June 2024, the amount of retentions receivable from customers included in trade and bills receivables (net of loss allowance) is RMB346.1 million (31 December 2023: RMB325.3 million).

Except for retentions receivable (net of loss allowance) of RMB98.3 million at 30 June 2024 (31 December 2023: RMB110.7 million), all of the remaining trade and bills receivables are expected to be recovered within one year.

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

(a) Ageing analysis

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

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Within 1 year	596,782	265,020
1 to 2 years	160,303	64,200
More than 2 year	845,392	1,200,011
	<u>1,602,477</u>	<u>1,529,231</u>

9 TRADE AND BILLS PAYABLES

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Trade payables for purchase of inventories due to:		
— third parties	867,999	951,104
— companies under the control of the Controlling Shareholders	330	5,208
	<u>868,329</u>	<u>956,312</u>
Trade payables due to sub-contractors	554,396	607,476
Bills payable	51,671	9,386
	<u>1,474,396</u>	<u>1,573,174</u>

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

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

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Within 1 month or on demand	1,438,834	1,568,302
More than 1 month but less than 3 months	22,749	2,050
More than 3 months	<u>12,813</u>	<u>2,822</u>
	<u><u>1,474,396</u></u>	<u><u>1,573,174</u></u>

## 10 DIVIDENDS

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

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$Nil).

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

No final dividend in respect of the previous financial year has been approved during the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$Nil).

## 11 CONTINGENT LIABILITIES

### (a) Performance guarantee

At 30 June 2024, performance guarantee of approximately RMB171.0 million (31 December 2023: RMB171.0 million) was given by banks or the insurance company in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and the customers of the Group for construction work. The Group has contingent liabilities to indemnify the banks or the insurance company for any claims from customers under the guarantee due to the failure of the Group's performance.

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 performance guarantees. The maximum liability of the Group as of the end of the reporting period under the guarantees issued is the amount disclosed above.



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

- (i) In December 2009, Shenyang Yuanda Aluminium Industry Engineering Co., Ltd. (“**Shenyang Yuanda**”) and Yuanda Aluminium Engineering (India) Private Limited (“**Yuanda India**”), both wholly-owned subsidiaries of the Group, jointly received a notice that they are being sued by a former sub-contractor in India in respect of Shenyang Yuanda’s and Yuanda India’s non-performance of the terms as stipulated in the sub-contract agreement entered into between Shenyang Yuanda and this former sub-contractor. Shenyang Yuanda has made a counterclaim against this sub-contractor for non-performance of the sub-contract agreement. On 30 September 2016, a first instance court judgement has been rendered in favour of Shenyang Yuanda and Yuanda India and pursuant to which the former sub-contractor shall pay to Shenyang Yuanda and Yuanda India damages in the amount of INR81.8 million (equivalent to approximately RMB7.0 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 RMB120.3 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 RMB217.0 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 has therefore been made in respect of this claim.
- (iii) In 2023, a wholly-owned subsidiary of the Group, Yuanda Queensland Pty Ltd. (“**Yuanda Queensland**”), is in dispute with Multiplex Constructions QLD Pty Ltd. (“**Multiplex**”) over the subcontracts for works on the Queen’s Wharf-IRD Project relating to various claims for variations, delay and additional costs, as well as damages claimed by Multiplex. Multiplex has claimed a total of AUD13.1 million (equivalent to approximately RMB62.4 million) for the above damages. The liability amount of these claims is still in the process of being assessed and evaluated. Thus, the directors of the Company cannot reliably estimate the expected monetary compensation borne by Yuanda Queensland. No provision has therefore been made in respect of this claim.

- (iv) In addition to the lawsuit mentioned in Note 11(b)(i) to Note 11(b)(iii), 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 RMB290.7 million, of which RMB50.5 million has already been provided for and the Group's bank deposits and other deposits of RMB85.2 million at 30 June 2024 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.

## **BUSINESS REVIEW**

### **Overall Performance**

In the first half of 2024, geopolitical tensions were high, trade risks were increased, and global economic growth remained in a state of prolonged uncertainty. Facing a complex and challenging external environment, China's economy has generally recovered. According to the data released by the National Bureau of Statistics of China, China's GDP in the first half of 2024 was approximately RMB61,683.6 billion, representing a year-on-year increase of approximately 5.0%. The trend of high-quality development has not changed.

The real estate industry is still undergoing deep adjustment and transformation. The policies of the Central Government of China continue to steer the property sector back to a path of long-term healthy development, which has somewhat mitigated the impact of the downturn in the property sector. In the current business environment, the Group always prioritises sustainable and healthy development, continuously enhances project product strength and service capability, and drives the improvement of engineering quality and delivery standards. The Group has strengthened cash flow and capital coordination management and continued to prevent operational risks through prudent financial management policies, making the Group a sustainable enterprise in the industry cycle.

For the six months ended 30 June 2024, the profit attributable to equity shareholders of the Company of the Group decreased by approximately RMB0.4 million or 6.3% as compared with the corresponding period in 2023 to approximately RMB6.0 million (for the six months ended 30 June 2023: approximately RMB6.4 million).

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

For the six months ended 30 June 2024, the aggregate amount of newly-awarded projects of the Group decreased by approximately RMB454.9 million or 27.0% as compared with the corresponding period in 2023 to approximately RMB1,227.3 million (for the six months ended 30 June 2023: approximately RMB1,682.2 million). This was mainly due to the decrease in the number of newly-awarded projects as compared with the previous year as the Group prudently assessed the market environment and stringently controlled the project access standards.

## **Backlog**

As of 30 June 2024, the contract value of backlog of the Group increased by approximately RMB165.1 million or 1.7% as compared with that as of 30 June 2023 to approximately RMB10,022.7 million (31 December 2023: approximately RMB9,857.6 million), which could support a sustainable development of the Group for the next 2-3 years.

## **BUSINESS PROSPECTS**

Looking ahead to the second half of 2024, the external political environment remains complex and volatile, and uncertainties in the economic recovery prospects still exist. The Central Government of China is continuing to enhance and precisely implement its macro policies to support the sustained recovery and improvement of China's economy. The building curtain wall market is expected to grow steadily in the long term. Future market demand will drive the industry chain towards green, high-end, smart transformation and upgrading. Technological innovations, primarily focusing on smart and prefabricated technologies, will continue to deepen.

In the second half of the year, the overall business environment for the Group will remain challenging. We will maintain a prudent approach in operation management and closely monitor changes in the industry and regional markets. While ensuring the quality of new orders, we will closely monitor payment management to ensure healthy cash flow. The strategy of strengthening budget control also needs to be continuously implemented, with a strong emphasis on reducing debt pressure, thereby enhancing the Group's sustainable operation capability and improving performance.

## **FINANCIAL REVIEW**

### **Revenue**

For the six months ended 30 June 2024, the revenue of the Group increased by approximately RMB54.0 million or 5.2% as compared with the corresponding period in 2023 to approximately RMB1,088.2 million (for the six months ended 30 June 2023: approximately RMB1,034.2 million). Among which:

1. for the six months ended 30 June 2024, the revenue from domestic market of the Group increased by approximately RMB187.6 million or 54.0% as compared with the corresponding period in 2023 to approximately RMB535.3 million (for the six months ended 30 June 2023: approximately RMB347.7 million), contributing approximately 49.2% of the total revenue of the Group. This was mainly due to the accelerated progress of the Group's projects under construction in mature regional markets such as North China and Northeast China; and

- for the six months ended 30 June 2024, the revenue from overseas market of the Group decreased by approximately RMB133.6 million or 19.5% as compared with the corresponding period in 2023 to approximately RMB552.8 million (for the six months ended 30 June 2023: approximately RMB686.4 million), contributing approximately 50.8% of the total revenue of the Group. This was mainly due to the decrease in total revenue from Australia and Europe.

### **Cost of sales**

For the six months ended 30 June 2024, the cost of sales of the Group decreased by approximately RMB59.7 million or 6.4% as compared with the corresponding period in 2023 to approximately RMB873.3 million (for the six months ended 30 June 2023: approximately RMB933.0 million). This was mainly due to the effectiveness of the Group's stringent cost control policy.

### **Adjusted gross profit margin**

For the six months ended 30 June 2024, the Group's adjusted gross profit margin increased by approximately 12.9 percentage points as compared with the corresponding period of 2023 to approximately 18.5% (for the six months ended 30 June 2023: approximately 5.6%). This was mainly due to the effective cost control measures and the decrease in bad debt losses on accounts receivable and contract assets. Among which:

- for the six months ended 30 June 2024, the Group's domestic adjusted gross profit margin increased by approximately 19.7 percentage points as compared with the corresponding period of 2023 to 24.2% (for the six months ended 30 June 2023: approximately 4.5%); and
- for the six months ended 30 June 2024, the Group's overseas adjusted gross profit margin increased by approximately 6.8 percentage points as compared with the corresponding period of 2023 to 13.0% (for the six months ended 30 June 2023: approximately 6.2%).

### **Other income**

Other income of the Group primarily comprised of government grants, rental income, and net income from provision of repairs and maintenance services, and disposal of property, plant and equipment.

For the six months ended 30 June 2024, the other income of the Group decreased by approximately RMB5.3 million or 63.1% as compared with the corresponding period of 2023 to approximately RMB3.1 million (for the six months ended 30 June 2023: approximately RMB8.4 million). This was mainly due to the increase in losses on disposal of property, plant and equipment.

## **Selling expenses**

For the six months ended 30 June 2024, the selling expenses of the Group decreased by approximately RMB1.0 million or 5.0% as compared with the corresponding period of 2023 to approximately RMB19.1 million (for the six months ended 30 June 2023: approximately RMB20.1 million), accounting for approximately 1.8% of the operating revenue of the Group (for the six months ended 30 June 2023: 1.9%).

## **Administrative expenses**

For the six months ended 30 June 2024, the administrative expenses of the Group increased by approximately RMB13.1 million or 9.5% as compared with the corresponding period of 2023 to approximately RMB151.4 million (for the six months ended 30 June 2023: approximately RMB138.3 million). The administrative expenses accounted for approximately 13.9% of the operating revenue of the Group (for the six months ended 30 June 2023: 13.4%).

## **Net finance (expense)/income**

For the six months ended 30 June 2024, the Group recognised a net finance expense of approximately RMB24.9 million (for the six months ended 30 June 2023: a net finance income of approximately RMB103.6 million), which accounted for -2.3% of the operating revenue of the Group (for the six months ended 30 June 2023: 10.0%). This was mainly due to the decrease in foreign exchange gains during the period.

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

As of 30 June 2024, the net current assets of the Group increased by approximately RMB19.6 million or 11.6% as compared with 31 December 2023 to approximately RMB189.0 million (31 December 2023: approximately RMB169.4 million).

As of 30 June 2024, the cash on hand and in bank of the Group increased by approximately RMB126.7 million or 21.3% as compared with 31 December 2023 to approximately RMB722.2 million (31 December 2023: approximately RMB595.5 million), mainly denominated in RMB, United States Dollar (“USD”), Qatari Riyal (QAR), Euro (EUR), British Pound Sterling (“GBP”) and Australian Dollar (AUD).

## **Bank loans, other borrowings and gearing ratio**

As of 30 June 2024, the total bank loans of the Group decreased by approximately RMB10.0 million or 1.4% as compared with 31 December 2023 to approximately RMB704.0 million (31 December 2023: approximately RMB714.0 million).

As of 30 June 2024, the total other borrowings of the Group increased by approximately RMB316.4 million or 74.6% as compared with 31 December 2023 to approximately RMB740.8 million (31 December 2023: approximately RMB424.4 million).

The Group’s gearing ratio (calculated by total liabilities divided by total assets) was 83.1% (31 December 2023: 82.2%).

## **Turnover days of receivables**

The calculation of the receivables turnover days is based on the average amount of trade and bills receivables and net contract assets (contract assets less contract liabilities) as at the beginning and ending of the relevant period (net of provision) divided by total revenue of the relevant period and multiplied by 181 days. For the six months ended 30 June 2024, the turnover days of receivables of the Group decreased by approximately 60 days or 14.0% as compared with the corresponding period of 2023 to approximately 369 days (for the six months ended 30 June 2023: approximately 429 days).

## **Inventories and other 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 of 30 June 2024, the inventory and contract costs of the Group decreased by approximately RMB1.4 million or 0.5% as compared with 31 December 2023 to approximately RMB257.8 million (31 December 2023: approximately RMB259.2 million).

## **Capital expenditure**

For the six months ended 30 June 2024, the payment for capital expenditure of the Group decreased by approximately RMB0.2 million or 16.7% as compared with the corresponding period of 2023 to approximately RMB1.0 million (for the six months ended 30 June 2023: approximately RMB1.2 million), which was mainly due to the decrease in the expenditure on plant construction and equipment.

## **Foreign exchange risk**

The overseas projects of the Group were mainly dominated in USD, GBP and AUD. To hedge any foreign exchange risks, the Group has entered into forward foreign exchange contracts which hedge the forecast transactions and monetary assets denominated in foreign currencies of the Group. The Group ensures that net exposure to currency risk arising from assets and liabilities maintained at an acceptable level.

## **Contingent liabilities**

Details of the Group's contingent liabilities as at 30 June 2024 are set out in Note 11.



## **Charge on assets**

As of 30 June 2024, the Group's bank loans of approximately RMB434.0 million were secured by property, plant and equipment and land use rights with an aggregate carrying value of approximately RMB334.2 million.

As of 30 June 2024, the Group's cash on hand and in bank to secure bank loans, bank bills, credit and guarantee letters and other borrowings was approximately RMB389.2 million.

As of 30 June 2024, bank deposits with the carrying value of approximately RMB46.6 million were frozen. The carrying value of the deposits pledged to secure the performance and retentions of construction contracts of the Group was approximately RMB162.1 million.

As of 30 June 2024, the aggregate carrying value of trade receivables and contract assets pledged as security for the Group's bank loans amounted to RMB37.2 million.

Save as disclosed above, the Group had no other charge on its assets as at 30 June 2024.

## **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 for expansion of its production capacity, repayment of its existing debts, investment in research and development, expansion of its sales and marketing network.



As of 30 June 2024, an accumulated amount of approximately HK\$2,065 million of proceeds from the Global Offering (of which expansion of production capacity: HK\$622 million; repayment of bank loans (mainly comprised the 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 utilised. It is intended that the remaining proceeds of approximately HK\$338 million will be used in accordance with the proposed allocation as stated in the Prospectus in 1 to 5 years.

## **EMPLOYEES AND REMUNERATION POLICIES**

As of 30 June 2024, the Group had 2,491 full-time employees in total (31 December 2023: 2,376). The increase in the number of full-time employees was a result of the Group's increased pool of skilled talents. The Group has effective management incentive policies 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 such as discretionary bonus.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

The Company established the Audit Committee with written terms of reference in compliance with the requirements as set out in the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange for the purposes of reviewing and supervising the financial reporting process, risk management and internal controls systems of the Group. The Audit Committee comprises three independent non-executive Directors, namely Ms. Yang Qianwen (Chairman of Audit Committee), Mr. Wang Yuhang and Mr. Ha Gang.

The Audit Committee has reviewed the Group's unaudited consolidated interim financial information for the six months ended 30 June 2024. The Audit Committee was satisfied that the unaudited interim financial information was prepared in accordance with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made.

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining good corporate governance practices and procedures with a view to enhancing investors' confidence in the Company and the Company's accountability. For the six months ended 30 June 2024, the Company has complied with all code provisions of the Code on Corporate Governance Practices as set forth in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 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 six months ended 30 June 2024.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

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

For the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including sale of treasury shares) of the Group.

As at 30 June 2024, the Company did not hold any treasury shares.

## **APPRECIATION**

On behalf of the Board, I would like to express my sincere gratitude to the shareholders, investors, partners and customers of the Group for their continuous trust and support and all the management and staff of the Group for their contribution and devotion.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Group (<http://www.yuandacn.com>). The interim report of the Company for the six months ended 30 June 2024 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**  
**Kang Baohua**  
*Chairman*

The PRC, 30 August 2024

*As at the date of this announcement, the executive directors of the Company are Mr. Kang Baohua, Mr. Zhao Zhongqiu, Mr. Wang Hao and Mr. Zhang Lei, and the independent non-executive directors of the Company are Mr. Wang Yuhang, Ms. Yang Qianwen and Mr. Ha Gang.*