CNYD

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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Yuanda China Holdings Limited (the "**Company**") hereby announces the unaudited annual consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019 (the "**Reporting Period**"), together with comparative audited figures for the year ended 31 December 2018. For the reasons explained in the paragraph headed "Review of unaudited annual consolidated results" in the announcement, the auditing progress for annual consolidated results of the Group for the year ended 31 December 2019 has not been completed.

FINANCIAL HIGHLIGHTS

	2019 (Unaudited) (Approximately)	2018 (Audited) (Approximately)	Percentage Change (Approximately)
Revenue *(RMB million)*	**4,041.3**	4,615.7	(12.4)%
Adjusted gross profit margin *(Note)*	**20.7%**	15.4%	5.3%
Consolidated net profit *(RMB million)*	**89.8**	88.2	1.8%
Profit attributable to equity shareholders of the Company *(RMB million)*	**89.8**	79.1	13.5%
Net cash generated from operating activities *(RMB million)*	**129.9**	98.2	32.3%
Basic and diluted earnings per share *(RMB cents)*	**1.45**	1.27	14.2%
Proposed final dividend per share *(HKD cents)*	**NIL**	NIL	

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

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019
(Expressed in Renminbi ("RMB"))

	Note	**2019**	2018
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
			(Note)
Revenue	*5*	**4,041,253**	4,615,704
Cost of sales		**(3,049,917)**	(3,714,701)
Gross profit		**991,336**	901,003
Other income	*6*	**121,362**	172,741
Selling expenses		**(86,541)**	(91,112)
Administrative expenses		**(531,707)**	(565,949)
Expected credit losses of financial and contract assets		**(155,909)**	(193,754)
Profit from operations		**338,541**	222,929
Finance costs	*7(a)*	**(142,523)**	(68,767)
Profit before taxation	*7*	**196,018**	154,162
Income tax	*8*	**(106,198)**	(65,991)
Profit for the year		**89,820**	88,171
Attributable to:			
Equity shareholders of the Company		**89,820**	79,119
Non-controlling interests		**–**	9,052
Profit for the year		**89,820**	88,171
Earnings per share (RMB cents)			
– Basic and diluted	*9*	**1.45**	1.27

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 4.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019
(Expressed in RMB)

	2019 *RMB'000* (Unaudited)	2018 *RMB'000* (Audited) *(Note)*
Profit for the year	**89,820**	88,171
Other comprehensive income for the year (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of the Company and certain subsidiaries into presentation currency	**(66,252)**	(17,017)
– Cash flow hedge: net movement in the hedging reserve	**–**	(1,221)
Other comprehensive income for the year	**(66,252)**	(18,238)
Total comprehensive income for the year	**23,568**	69,933
Attributable to:		
Equity shareholders of the Company	**23,568**	58,345
Non-controlling interests	**–**	11,588
Total comprehensive income for the year	**23,568**	69,933

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 4.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

(Expressed in RMB)

	Note	**2019**	2018
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
			(Note)
Non-current assets			
Property, plant and equipment		**387,236**	427,829
Right-of-use assets		**249,404**	–
Lease prepayments		**–**	368,358
Investment property		**31,135**	–
Deferred tax assets		**466,236**	558,844
		1,134,011	1,355,031
Current assets			
Inventories and other contract costs		**322,001**	407,125
Contract assets	*10(a)*	**2,568,142**	2,831,703
Trade and bills receivables	*11*	**2,918,319**	2,838,648
Deposits, prepayments and other receivables		**712,604**	789,864
Cash on hand and in bank		**1,878,068**	1,702,751
Assets classified as held for sale	*12*	**–**	136,241
		8,399,134	8,706,332
Current liabilities			
Trade and bills payables	*13*	**2,582,442**	2,998,632
Contract liabilities	*10(b)*	**823,187**	881,998
Accrued expenses and other payables		**1,265,355**	592,280
Bank loans		**1,645,000**	2,287,877
Income tax payable		**226,930**	224,084
Provision for warranties		**82,023**	63,365
		6,624,937	7,048,236
Net current assets		**1,774,197**	1,658,096
Total assets less current liabilities		**2,908,208**	3,013,127

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2019

(Expressed in RMB)

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
		(Note)
Non-current liabilities		
Bank loans	–	61,769
Lease liabilities	**2,554**	–
Deferred tax liabilities	**173**	2,858
Provision for warranties	**173,786**	240,373
	176,513	305,000
NET ASSETS	**2,731,695**	2,708,127
CAPITAL AND RESERVES		
Share capital	**519,723**	519,723
Reserves	**2,211,972**	2,188,404
TOTAL EQUITY	**2,731,695**	2,708,127

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 4.

NOTES

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFROMATION

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

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 4 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior 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. Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The Company has its functional currency in Hong Kong dollar ("HK$"). As majority of the Group's operation are conducted by the subsidiaries of the Group in mainland China, the consolidated financial statements are presented in Renminbi ("RMB").

The 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. As far as the Group is concerned, these newly capitalized leases are primarily in relation to properties leased and vehicles for own use.

4 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a new IFRS, IFRS 16, *Leases*, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, *Leases*

IFRS 16 replaces IAS 17, *Leases*, and the related interpretations, IFRIC 4, *Determining whether an arrangement contains a lease*, SIC 15, *Operating leases – incentives*, and SIC 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

IFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and will not restate comparative amounts for the year prior to first adoption. The reclassifications arising from the new initial application are therefore recognised in the opening balance on 1 January 2019.

Further details of the nature and effect of the changes to previous accounting policies of the Group and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets which are exempt.

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5.37%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of IFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	RMB'000 (Unaudited)
Operating lease commitments at 31 December 2018	13,641
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(1,627)
	12,014
Less: total future interest expenses	(666)
Present value of remaining lease payments, discounted using the incremental borrowing rate and total lease liabilities recognised at 1 January 2019	11,348

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018. Lease prepayments for land use rights have been recognised at amortised costs at 31 December 2018.

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018	Capitalisation of operating lease contracts and reclassification of lease prepayments	Carrying amount at 1 January 2019
	RMB'000	*RMB'000*	*RMB'000*
	(Audited)	(Unaudited)	(Unaudited)
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:			
Right-of-use assets	–	381,525	381,525
Lease prepayments	368,358	(368,358)	–
Non-current assets	**1,355,031**	**13,167**	**1,368,198**
Deposits, prepayments and other receivables	789,864	(1,819)	788,045
Current assets	**8,706,332**	**(1,819)**	**8,704,513**
Accrued expenses and other payables	592,280	6,446	598,726
Current liabilities	**7,048,236**	**6,446**	**7,054,682**
Net current assets	**1,658,096**	**(8,265)**	**1,649,831**
Total assets less current liabilities	**3,013,127**	**4,902**	**3,018,029**
Lease liabilities (non-current)	–	4,902	4,902
Non-current liabilities	**305,000**	**4,902**	**309,902**
Net assets	**2,708,127**	**–**	**2,708,127**

c. *Impact on the financial result, segment results and cash flows of the Group*

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a change in presentation of cash flows within the cash flow statement.

The following tables give an indication of the estimated impact of the adoption of IFRS 16 on the Group's financial result and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under IFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to apply in 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

	2019				2018
	Amounts reported under IFRS 16 (A)	**Add back: IFRS 16 depreciation and interest expense (B)**	**Deduct: Estimated amounts related to operating leases as if under IAS 17 (Note 1) (C)**	**Hypothetical amounts for 2019 as if under IAS 17 (D=A+B-C)**	Compared to amounts reported for 2018 under IAS 17
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	(Audited)
Financial result for year ended 31 December 2019 impacted by the adoption of IFRS 16:					
Profit from operations	**338,541**	**10,683**	**(11,189)**	**338,035**	**222,929**
Finance costs	(142,523)	1,055	–	(141,468)	(68,767)
Profit before taxation	**196,018**	**11,738**	**(11,189)**	**196,567**	**154,162**
Profit for the year	**89,820**	**11,738**	**(11,189)**	**90,369**	**88,171**

The Group's administrative expenses and finance costs are not allocated to individual segments, therefore there is no significant impact of adoption of IFRS 16 on the Group's segment results.

	2019			2018
	Amounts reported under IFRS 16 (A)	**Estimated amounts related to operating leases as if under IAS 17 (Notes 1 & 2) (B)**	**Hypothetical amounts for 2019 as if under IAS 17 (C=A+B)**	Compared to amounts reported for 2018 under IAS 17
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Audited)
Line items in the consolidated cash flow statement for year ended 31 December 2019 impacted by the adoption of IFRS 16:				
Cash generated from operations	146,132	(13,871)	132,261	88,903
Net cash generated from operating activities	**129,900**	**(13,871)**	**116,029**	**98,199**
Capital element of lease rentals paid	(12,816)	12,816	–	–
Interest element of lease rentals paid	(1,055)	1,055	–	–
Net cash used in financing activities	**(707,356)**	**13,871**	**(693,485)**	**(726,323)**

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if IAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under IAS 17, if IAS 17 had still applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if IAS 17 still applied.

d. *Leasehold investment property*

Under IFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("leasehold investment properties"). The adoption of IFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply IAS 40, *Investment properties*, to account for all of its leasehold properties that were held for investment purposes.

e. *Lessor accounting*

In addition to leasing out the investment property referred to in paragraph d above, the Group leases out certain machinery as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under IAS 17. The adoption of IFRS 16 does not have a significant impact on the Group's financial statements in this regard.

5 REVENUE AND SEGMENT REPORT

(a) Revenue

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

(i) Disaggregation of revenue

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue from contracts with customers within the scope of IFRS 15		
Over time	**3,842,877**	4,421,881
Point in time	**198,376**	193,823
	4,041,253	4,615,704

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

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

The Group's customer base is diversified. There was no customer with transactions that exceeded 10% of the Group's revenue for the years ended 31 December 2019 and 2018.

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

As at 31 December 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB8,033.1 million (2018: RMB9,867.2 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.

As at 31 December 2019, the aggregated amount of the expected transaction price of the potential contracts (including tax) of which the Group has won the bidding is RMB4,894.5 million (2018: RMB4,090.7 million).

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

(b) Segment reporting

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

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

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

(i) Segment results

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

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

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. No significant inter-segment sales have occurred for the years ended 31 December 2019 and 2018. The Group's other operating expenses, such as selling and administrative expenses, impairment losses for other financial assets and finance costs, are not measured under individual segments.

During the year ended 31 December 2019, the Group's most senior executive management monitor the Group's assets and liabilities as a whole, accordingly, no segment assets and liabilities information is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below.

	2019		
	Domestic	**Overseas**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Revenue from external customers and reportable segment revenue	**1,703,621**	**2,337,632**	**4,041,253**
Reportable segment adjusted gross profit	**381,985**	**453,526**	**835,511**

	2018		
	Domestic	Overseas	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue from external customers and reportable segment revenue	2,247,575	2,368,129	4,615,704
Reportable segment adjusted gross profit	360,904	350,084	710,988

(ii) Reconciliation of reportable segment profit or loss

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
		(Note)
Reportable segment adjusted gross profit	**835,511**	710,988
Other income	**121,362**	172,741
Selling expenses	**(86,541)**	(91,112)
Administrative expenses	**(531,707)**	(565,949)
Expected credit losses of other financial assets	**(84)**	(3,739)
Finance costs	**(142,523)**	(68,767)
Profit before taxation	**196,018**	154,162

Note: The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 4.

(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. The geographical location of the specified non-current assets is determined based on the physical location of the assets. For overseas construction contracts, the Group further divided the customers based on regions, where each country within the region shares similar characteristics as to the depth of the Group's penetration in the market and industry practices.

	2019 *RMB'000* (Unaudited)	2018 *RMB'000* (Audited)
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by geographical location of customers		
Mainland China	**1,703,621**	2,247,575
United Kingdom	**540,872**	674,327
Australia	**439,847**	597,794
United States of America	**426,254**	582,202
Others	**930,659**	513,806
	2,337,632	2,368,129
	4,041,253	4,615,704

6 OTHER INCOME

	2019 *RMB'000* (Unaudited)	2018 *RMB'000* (Audited)
Government grants	**27,646**	24,776
Rental income from investment property	**1,972**	–
Rental income from operating leases, other than those relating to investment property	**170**	521
Net income from provision of repairs and maintenance services	**4,589**	827
Net loss from sale of scrap materials	**(4,972)**	(1,276)
Net gain on disposal of property, plant and equipment, land use rights and assets classified as held for sale *(Note (i))*	**91,957**	147,893
	121,362	172,741

Note:

(i) The amounts included a net gain of RMB89.4 million (2018: RMB100.5 million) arising from disposal of land use rights and properties classified as assets classified as held for sale.

7 PROFIT BEFORE TAXATION

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

(a) Finance costs:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
		(Note)
Interest on borrowings	**175,055**	145,853
Interest on lease liabilities	**1,055**	–
Bank charges and other finance costs	**28,516**	27,174
Total borrowing costs	**204,626**	173,027
Interest income	**(21,986)**	(4,797)
Net foreign exchange gain	**(54,948)**	(78,923)
Net loss/(gain) on forward foreign exchange contracts:		
– net gain on cash flow hedging instruments reclassified from equity	**–**	(4,476)
– net loss/(gain) on other forward foreign exchange contracts	**14,831**	(16,064)
	142,523	68,767

Note: Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 4.

No borrowing costs have been capitalised for the year ended 31 December 2019 (2018: RMBNil).

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

(b) Other items:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Depreciation and amortisation#		
– owned property, plant and equipment	**31,617**	40,574
– lease prepayments	**–**	11,897
– right-of-use assets	**17,720**	–
– investment property	**489**	–
Impairment losses on trade and other receivables and contract assets	**155,909**	193,754
Leases previously classified as operating leases under IAS 17	**–**	21,629
Auditors' remuneration	**9,254**	13,102
Research and development costs#	**156,092**	175,616
Increase in provision for warranties#	**75,416**	83,093
Cost of inventories#	**3,049,917**	3,714,701

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and recognised the reclassifications arising from the new initial application in the opening balance on 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See Note 4.

Cost of inventories includes RMB424.2 million for the year ended 31 December 2019 (2018: RMB468.9 million), relating to staff costs, depreciation and amortisation expenses, lease 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.

8 INCOME TAX

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
		(Note)
Current taxation:		
– provision for corporate income tax in respective jurisdictions	**16,349**	17,922
Deferred taxation:		
– origination and reversal of temporary differences	**89,849**	48,069
	106,198	65,991

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
		(Note)
Profit before taxation	**196,018**	154,162
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(Notes (i), (ii), (iii) and (iv))*	**48,515**	45,166
Tax effect of non-deductible expenses	**4,077**	2,850
Tax effect of non-taxable income	**(3,545)**	(7,698)
Tax effect of utilisation of prior years' unused tax losses previously not recognised	**(8,600)**	(126)
Tax effect of unused tax losses not recognised	**54,783**	44,231
Tax concessions and effects of changes of tax rate *(Note (v))*	**10,968**	(18,432)
Income tax	**106,198**	65,991

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 2019 (2018: 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 2019 (2018: RMBNil).

(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 2019 (2018: 25%).

(iv) 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 35% for the year ended 31 December 2019 pursuant to the rules and regulations of their respective countries of incorporation (2018: 8.5% to 35%).

(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 2017 to 2019 and therefore enjoys a preferential PRC Corporate Income Tax rate of 15% for the year ended 31 December 2019 (2018: 15%). In addition to the preferential PRC Corporate Income Tax rate, this subsidiary entitles an additional tax deductible allowance amounted to 75% (2018: 50%) of the qualified research and development costs incurred in the PRC by this subsidiary.

(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.

9 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the year ended 31 December 2019 is calculated based on the profit attributable to equity shareholders of the Company of RMB89.8 million (2018: RMB79.1 million) and the weighted average of 6,208,147,000 ordinary shares (2018: 6,208,147,000 ordinary shares) in issue during the year ended 31 December 2019.

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the years ended 31 December 2019 and 2018.

10 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contract assets		
Arising from performance under construction contracts	**2,959,015**	3,182,830
Less: loss allowance	**(390,873)**	(351,127)
	2,568,142	2,831,703

(b) Contract liabilities

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contract liabilities		
Construction contracts		
– Billings in advance of performance	**823,187**	881,998

Movements in contract liabilities

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Balance at 1 January	**881,998**	971,536
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	**(521,915)**	(646,711)
Increase in contract liabilities as a result of billing and receipt in advance of construction activities	**463,104**	557,173
Balance at 31 December	**823,187**	881,998

11 TRADE AND BILLS RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables for contract work due from:		
– third parties	**3,959,752**	4,308,837
– companies under the control of the Controlling Shareholder	**180,270**	183,187
	4,140,022	4,492,024
Bills receivable for contract work	**86,878**	33,815
Trade receivables for sale of raw materials due from:		
– third parties	**3,472**	4,245
– companies under the control of the Controlling Shareholder	**1,777**	2,509
	5,249	6,754
	4,232,149	4,532,593
Less: loss allowance	**(1,313,830)**	(1,693,945)
Financial assets measured at amortised cost	**2,918,319**	2,838,648

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:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**1,114,630**	1,340,511
More than 1 year	**1,803,689**	1,498,137
	2,918,319	2,838,648

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

12 ASSETS CLASSIFIED AS HELD FOR SALE

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At 1 January	**136,241**	–
Reclassified from property, plant and equipment	**–**	145,968
Reclassified from lease prepayments *(Note (i))*	**–**	220,235
Reclassified from right-of-use assets *(Note (ii))*	**110,511**	–
Disposals	**(246,752)**	(229,962)
At 31 December	**–**	136,241

Notes:

(i) During 2018, Shenyang Yuanda Aluminum Industry Engineering Co., Ltd. ("**Shenyang Yuanda**") has entered into a land resumption agreement (the "Shenyang Yuanda Land Resumption Agreement") with a third party in respect of the disposal of certain land use rights and properties of Shenyang Yuanda at a consideration of RMB550.0 million. The carrying amounts of these lease prepayments and properties are RMB220.2 million and RMB144.6 million (gross amount of RMB245.7 million and net of associated government grant of RMB101.1 million), respectively.

Up to 31 December 2019, the disposal has been completed and the Group has received RMB450.0 million out of the total consideration in relation to these assets according to the payment schedule set in the Shenyang Yuanda Land Resumption Agreement.

(ii) During 2019, Foshan Yuanda has entered into a land resumption agreement with a third party in respect of the disposal of its land use rights of Foshan Yuanda at a consideration of RMB116.1 million. The carrying amount of the land use rights is RMB110.5 million.

As at 31 December 2019, the disposal has been completed and the Group has received the total consideration of RMB116.1 million in relation to the land use rights.

13 TRADE AND BILLS PAYABLES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables for purchase of inventories due to:		
– Third parties	**1,074,014**	1,250,594
– Companies under the control of the Controlling Shareholder	**1,817**	2,986
	1,075,831	1,253,580
Trade payables due to sub-contractors	**686,194**	662,687
Bills payable	**820,417**	1,082,365
Financial liabilities measured at amortised cost	**2,582,442**	2,998,632

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:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 month or on demand	**2,059,570**	2,272,377
More than 1 month but less than 3 months	**122,718**	270,049
More than 3 months	**400,154**	456,206
	2,582,442	2,998,632

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 2019 (2018: 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 2019 (2018: HK$Nil).

15 CONTINGENT LIABILITIES

(a) Guarantees issued

At 31 December 2019, the Group has issued the following guarantees:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Guarantees for construction contracts' bidding, performance and retentions	**1,901,761**	2,054,923

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 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 RMB8.0 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 RMB138.0 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 addition to the lawsuits mentioned in Notes 15(b)(i), certain subsidiaries of the Group are named defendants on other lawsuits or arbitrations in respect of construction work carried out by them. As at the date of this announcement, these lawsuits and arbitrations are under reviewed before courts or arbitrators. If these subsidiaries are found to be liable, the total expected monetary compensation may amount to approximately RMB207.0 million, of which RMB18.5 million has already been provided for and the Group's bank deposits of RMB39.8 million at 31 December 2019 was frozen by courts for certain of these lawsuits. Based on legal advices, the directors of the Company do not believe it is probable that the courts or arbitrators will find against these subsidiaries of the Group on these lawsuits and arbitrations.

(c) Contingent compensation payable

In July 2016, it was reported that certain construction materials supplied by the Group was found to contain asbestos in two construction projects in Australia. The Group is cooperating with relevant authorities on investigation into the reason for the reported cases. As at the date of this announcement, asbestos was not found in other projects constructed by the Group and there was no related legal action against the Group in Australia. As the investigation is yet to be completed and claims against the Group from contractors have not been quantified, the directors of the Company cannot reliably estimate the repair cost and potential compensation for projects found with asbestos. No provision in this regard has therefore been made.

16 Comparative figures

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in Note 4.

17 Non-adjusting event after the reporting period

The Novel Coronavirus Pneumonia outbreak (the "NCP Outbreak") since early 2020 has brought about additional uncertainties in the Group's operating environment and may impact the Group's operations and financial position.

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

As far as the Group's businesses are concerned, the NCP Outbreak may cause production and delivery delays on curtain wall systems construction, but the directors of the Company consider that such impact could be reduced by the Group's expedition of the production/construction process when the situation resume to normal. In addition, the NCP Outbreak may also significantly impact the repayment abilities of the Group's debtors and the willingness of the main contractor to promote construction, which in turn may result in additional impairment losses on trade receivables and/or contract assets in future periods. These possible impacts have not been reflected in 2019, and the actual impact may differ from estimates adopted now as the NCP Outbreak situation continues to evolve and when further information may become available.

BUSINESS REVIEW

Overall performance

In 2019, amid complicated macroeconomic environment, the industry competitions became increasingly intense with lots of uncertainties in the external operating environment. The domestic growth of investment in non-residential commercial real estate remained low while the floors pace of buildings started in 2019 remained steady. The Group removed redundant structures and links from organizations and enhanced the efficiency laying a solid foundation to counter downward pressure.

For the year ended 31 December 2019, the profit attributable to equity shareholders of the Company of the Group increased by about RMB10.7 million or about 13.5% as compared with last year to about RMB89.8 million (2018: about RMB79.1 million). The improvement was mainly attributable to the strict control of contract quality and the effective contract budget management implemented by the Group during the Reporting Period, which resulted in an increase of gross profit margin from the Group's construction projects.

Newly-awarded projects (including VAT)

During the year 2019, the aggregate amount of newly-awarded projects of the Group increased by about RMB42.5 million or about 0.9% as compared with last year to about RMB4,626.8 million (2018: about RMB 4,584,3 million).

	2019		2018	
	Numbers of projects	***RMB million***	Numbers of projects	*RMB million*
Domestic	**33**	**1,213.5**	25	1,659.9
Overseas	**27**	**3,413.3**	17	2,924.4
Total	**60**	**4,626.8**	42	4,584.3

Details of certain landmark projects obtained by the Group during the year ended 31 December 2019 are as follows:

Project name	**Category of project utilization**
Pacific Park, the U.S.A.	Communal facilities
Uniber tower, Italy	Office building
Shenyang Fuli IFC, PRC	Office building
Xinghai International, PRC	Communal facilities
Fengtai Science and Technology Park, PRC	Office building
Mingzhu Square, Dianchi Lake, PRC	Office building
Shanghai Fuli, PRC	Office building
Guiyang Hengfeng, PRC	Office building
Hangzhou Fuli, PRC	Office building
Shangdiyuan of Zhongguancun, PRC	Communal facilities

Backlog

As at 31 December 2019, the remaining contract value of backlog of the Group decreased by about RMB1,030.2 million or about 7.4% as compared with last year to about RMB12,927.6 million (31 December 2018: about RMB13,957.9 million), which could support a sustainable development of the Group for the next 2-3 years.

	2019		2018	
	Remaining value of contracts		Remaining value of contracts	
	Number of projects (unaudited)	***RMB million*** **(unaudited)**	Number of projects (audited)	*RMB' million* (audited)
Domestic	**218**	**4,682.0**	292	5,428.9
Overseas	**85**	**8,245.6**	87	8,529.0
Total	**303**	**12,927.6**	379	13,957.9

Major technology achievements and awards

In 2019, the Group obtained 31 patents for utility model.

BUSINESS PROSPECTS

Against the backdrop of uncertainties relating to outbreak of the novel coronavirus, oil price plunge, political and economic risks, the Group maintains prudent but optimistic towards its business. The construction of domestic projects have been resumed in certain cities after suspension after the Chinese New Year which means the epidemic impact is not expected to have a long-term overall impact. The Group will adhere to prudent financial management in project selection and cost control for future sustainable development

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2019, the revenue of the Group decreased by about RMB574.4 million or about 12.4% as compared with last year to about RMB4,041.3 million (2018: about RMB4,615.7 million). Among which:

1. the revenue from domestic market of the Group decreased by about RMB544.0 million or about 24.2% as compared with last year to about RMB1,703.6 million (2018: about RMB2,247.6 million), contributing approximately 42.2% of the total revenue of the Group. The decline was due to the revenue shrank in most of the sales regions of China except for West China; and

2. the revenue from overseas market of the Group decreased by about RMB30.5 million or about 1.3% as compared with last year to about RMB2,337.6 million (2018: about RMB2,368.1 million), contributing approximately 57.8% of the total revenue of the Group, which was due to the combined effect of decreasing revenue for contract modifications from United Kingdom and increasing revenue from Middle East.

Cost of sales

In 2019, the cost of sales of the Group decreased by about RMB664.8 million or about 17.9% as compared with last year to about RMB3,049.9 million (2018: about RMB3,714.7 million). Cost of sales decreased as a result of the corresponding decrease in revenue during the year ended 31 December 2019.

Adjusted gross profit margin

In 2019, the adjusted gross profit margin of the Group increased by about 5.3% to 20.7% (2018: about 15.4%). The main reason was due to the growth in both domestic and overseas adjusted gross profit margin of the Group. Among which:

1. the domestic adjusted gross profit margin of the Group increased by about 6.3% as compared with last year to about 22.4% (2018: about 16.1%); and

2. the overseas adjusted gross profit margin of the Group increased by about 4.6% as compared with last year to about 19.4% (2018: about 14.8%).

Other income

Other income of the Group primarily comprised of government grants, rental revenue from investment properties and operating leases, net income from provision of repairs and maintenance services and net gain on disposal of property, plant and equipment, land use rights and assets classified as held for sale.

In 2019, the other income of the Group decreased by about RMB51.3 million or about 29.7% as compared with last year to about RMB121.4 million (2018: about RMB 172.7 million). The decrease in the Group's other income was mainly due to the decline in net gain on disposal of property, plant and equipment, land use rights and assets classified as held for sale during the Reporting Period.

Selling expenses

In 2019, the selling expenses of the Group decreased by about RMB4.6 million or about 5.0% as compared with last year to about RMB86.5 million (2018: about RMB91.1 million), accounted for approximately 2.1% of the operating revenue of the Group (2018: 2.0%), which was due to the effect from improvement of working efficiency and headcount optimization policy.

Administrative expenses

In 2019, the administrative expenses of the Group decreased by about RMB34.2 million or about 6.0% as compared with last year to about RMB531.7 million (2018: about RMB565.9 million), accounted for approximately 13.2% of the operating revenue of the Group (2018: 12.3%), which was due to the effect from improvement of working efficiency and headcount optimization policy.

Finance costs

In 2019, the finance costs of the Group increased by about RMB73.7 million or about 107.1% as compared with last year to about RMB142.5 million (2018: about RMB68.8 million), accounted for about 3.5% of the operating revenue of the Group (2018: 1.5%). The main reasons for the increase were (i) the increase in interest expenses; (ii) the drop in net foreign exchange gain; and (iii) a net loss on forward foreign exchange contracts during the Reporting Period rather than a net gain recorded for the corresponding period in last year.

Income tax

In 2019, the income tax expense of the Group increased by about RMB40.2 million or about 60.9% as compared with last year to about RMB106.2 million (2018: about RMB66.0 million).

Consolidated net profit

As a result of the foregoing, in 2019, the consolidated net profit of the Group increased by about RMB1.6 million or about 1.8% as compared with last year to about RMB89.8 million (2018: about RMB88.2 million).

Profit attributable to equity shareholders of the Company

In 2019, the profit attributable to equity shareholders of the Company increased by about RMB10.7 million or about 13.5% as compared with last year to about RMB89.8 million (2018: about RMB79.1 million).

Net current assets and financial resources

As at 31 December 2019, the net current assets of the Group increased by about RMB116.1 million or about 7.0% as compared with last year to about RMB1,774.2 million (31 December 2018: about RMB1,658.1 million).

As at 31 December 2019, the cash on hand and in bank of the Group increased by about RMB175.3 million or 10.3% as compared with last year to about RMB 1,878.1 million (31 December 2018: about RMB1,702.8 million), mainly denominated in RMB, British Pound Sterling ("**GBP**"), Australian Dollars ("**AUD**") Hong Kong dollar ("**HKD**"), Swiss Franc ("**CHF**") and USD.

Bank loans and gearing ratio

As at 31 December 2019, the total bank loan of the Group decreased by about RMB704.6 million or about 30.0% as compared with last year to about RMB1,645.0 million (31 December 2018: about RMB2,349.6 million). The bank loan as at 31 December 2019 were denominated in RMB which were repayable within one year.

The Group's gearing ratio (calculated by total liabilities divided by total assets) as at 31 December 2019 was 71.3% (31 December 2018: 73.1%).

Turnover days

Turnover days (day)	**2019 (unaudited)**	2018 (audited)
Receivables *(note 1)*	**427**	398
Trade and bills payables *(note 2)*	**485**	434
Inventory *(note 3)*	**74**	63

Notes:

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

2. The calculation of turnover days of trade and bills payables is based on the average amount of trade and bills payables as at the beginning and ending of the relevant period divided by cost of raw materials and installation cost of the relevant period and multiplied by 365 days.

3. The calculation of inventory turnover days is based on the average amount of inventory as at the beginning and ending of the relevant period (net of provision) divided by cost of raw materials of the relevant period and multiplied by 365 days.

During the Reporting Period,the turnover days of receivables increased by about 29 days or about 7.3% as compared with last year to about 427 days (2018: about 398 days).

During the Reporting Period,the turnover days of trade and bill payables increased by about 51 days or about 11.8% as compared with last year to about 485 days (2018: about 434 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 2019, the inventory and contract costs of the Group decreased by about RMB85.1 million or about 20.9% as compared with last year to about RMB 322.0 million (31 December 2018: about RMB407.1 million).

Capital expenditure

In 2019, the payment for capital expenditure of the Group increased by about RMB2.4 million or about 22.9% as compared with last year to about RMB12.9 million (2018: about RMB10.5 million), which was mainly related to the payment on land acquisition, construction of plant and purchase of equipment.

Foreign exchange risk

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

Contingent liabilities

Details of the Group's contingent liabilities as at 31 December 2019 are set out in Note 15 to this announcement.

Charge on assets

As at 31 December 2019, the aggregate carrying value of the property, plant and equipment, land use rights pledged for the Group's bank loans is RMB480.8 million.

As at 31 December 2019, no time deposits or trade receivables were pledged for the Group's long-term bank loans.

As at 31 December 2019, the carrying value of the time deposits pledged for the Group's short-term bank loans is RMB30.0 million, the carrying value of the time deposits and deposits pledged for the bank bills issued by the Group is RMB1,006.2 million.

Save as disclosed above, the Group had no other charge on its assets as at 31 December 2019.

Material acquisitions and disposals

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

Resumption of land in Foshan

On 7 August 2019, the Group entered into an agreement with local representatives in Foshan pursuant to which the Group surrendered one parcel of land in Foshan City for a compensation of RMB116,060,000. For future details, please refer to the announcement of the Company dated 7 August 2019 and Note 12 to this announcement.

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 of Hong Kong Limited (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 2019, an accumulated amount of approximately HK$2,041 million of proceeds from the Global Offering (of which expansion of production capacity: HK$598 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$362 million will be used in accordance to the proposed allocation as stated in the Prospectus.

Employees and remuneration policies

As at 31 December 2019, the Group had 4,016 full-time employees in total (31 December 2018: 4,604). The decrease in number of the 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.

Impact of the recent coronavirus situation

Up to the date of this announcement, management of the Group has not been aware of any cases of coronavirus infection among its staff. The Group currently has carried out the emergency response plan to monitor and assess the ongoing development.

The domestic and overseas construction progress may be exposed to short-term volatility because of the epidemic while the impact of the coronavirus epidemic can be gradually eliminated in the medium to long term. The Group prepares adequately to ensure the rapid recovery of production and to give the premise of employees' safety reducing the impact of epidemic on operation with all strength.

Review of unaudited consolidated annual results

The auditing process for the annual financial statements for the year ended 31 December 2019 has not been completed due to the NCP Outbreak including but not limited to the impact to the United Kingdom where one of the Group's major subsidiaries is located. The unaudited annual results contained herein have not been agreed with the Company's auditors (the "Auditors") as required under Rule 13.49 (1) and 13.49(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). A further announcement relating to the annual results as agreed with the auditor and the material differences (if any) as compared with the unaudited annual results contained herein will be made when the auditing process has been completed. The Company expects that an agreement from the auditors will be obtained on or before 30 April 2020 and a further announcement will be published as and when appropriate.

The unaudited annual results of the Group for the year ended 31 December 2019 have been reviewed by the audit committee of the Company, comprising all the three independent non-executive Directors namely, Mr. Poon Chiu Kwok (Chairman of the Audit Committee), Mr. Woo Kar Tung, Raymond and Mr. Pang Chung Fai, Benny.

Further announcement(s)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited consolidated annual results for the year ended 31 December 2019 as agreed by the Auditors and the material differences (if any) as compared with the unaudited consolidated annual results contained herein; (ii) the proposed date on which the forthcoming annual general meeting of the shareholders of the Company will be held; and (iii) the period during which the register of members of the Company will be closed in order to ascertain shareholders' eligibility to attend and vote at the forthcoming annual general meeting.

In addition, the Company will issue further announcement(s) when necessary if there are other material developments in the completion of the auditing process. The Company expects the auditing process will be completed on or before the end of April 2020.

Corporate governance

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence to the Company and the Company's accountability. For the year ended 31 December 2019, the Company has complied with all code provisions of the Corporate Governance Code as set forth in Appendix 14 of the Listing Rules.

Model Code for securities transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules regarding securities transactions by the Company. The Company has made specific enquiry to all Directors and all the Directors have confirmed their compliance with the required standard set out in the Model Code for the year ended 31 December 2019.

Final dividend

The Board has resolved not to declare any annual dividend for the year ended 31 December 2019 (2018: Nil).

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE GROUP

During the year ended 31 December 2019, 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 2019.

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 UNAUDITED CONSOLIDATED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This unaudited 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 2019 will be dispatched to the shareholders of the Group and made available for review on the aforesaid websites in due course.

The financial information contained herein in respect of the consolidated annual results of the Group for the year ended 31 December 2019 have not been audited and have not been agreed with the Auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

The PRC, 31 March 2020

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