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YIDA 亿达
YIDA CHINA HOLDINGS LIMITED
億達中國控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3639)

ANNOUNCEMENT
UPDATE ON THE ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcements of Yida China Holdings Limited (the “**Company**”) dated 31 March 2020 (the “**2019 Unaudited Results Announcement**”) and 29 April 2020 in relation to the unaudited annual results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2019 (the “**2019 Unaudited Annual Results**”). Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the 2019 Unaudited Results Announcement.

AUDITOR’S AGREEMENT ON THE 2019 ANNUAL RESULTS

As stated in the 2019 Unaudited Results Announcement, the auditing process for the Group’s consolidated financial statements for the year ended 31 December 2019 was not completed due to the COVID-19 coronavirus outbreak, and the 2019 Unaudited Annual Results contained therein the 2019 Unaudited Results Announcement was not then yet agreed by the Company’s auditor, PricewaterhouseCoopers (the “**Auditor**”), as required under Rule 13.49(2) of the Listing Rules. The Board of the Company is pleased to announce that the Auditor has completed its auditing process for the consolidated financial statements of the Group for the year ended 31 December 2019 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

The audit committee of the Company has also reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2019.

The annual results for the year ended 31 December 2019 (the “**2019 Audited Annual Results**”) remain substantially the same as the 2019 Unaudited Annual Results, except for the updates as described in going concern basis (note 1(a) to the financial statements in this announcement) and finance costs-net (note 3 to the financial statements in this announcement).

The Company wishes to provide below audited financial information extract from the Group’s consolidated financial statements for the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
Revenue	2	6,077,400	7,356,958
Cost of sales		<u>(3,946,801)</u>	<u>(5,305,746)</u>
Gross profit		2,130,599	2,051,212
Other income		52,733	51,927
Fair value gains on investment properties		147,396	6,586
Net impairment losses on financial and contract assets		(9,174)	(23,861)
Other gains – net		347,032	745,901
Selling and marketing expenses		(208,086)	(192,886)
Administrative expenses		(520,801)	(502,698)
Finance costs – net	3	(683,098)	(659,853)
Share of profits and losses of joint ventures and associates		<u>50,808</u>	<u>8,810</u>
Profit before income tax		1,307,409	1,485,138
Income tax expenses	4	<u>(669,306)</u>	<u>(681,552)</u>
Profit for the year		638,103	803,586
Attributable to:			
Owners of the Company		450,164	833,919
Non-controlling interests		<u>187,939</u>	<u>(30,333)</u>
		<u>638,103</u>	<u>803,586</u>
Earnings per share attributable to ordinary equity holders of the Company			
Basic and diluted (RMB per share)	6	<u>0.17</u>	<u>0.32</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Profit for the year	638,103	803,586
Other comprehensive income which may be reclassified to profit or loss in subsequent periods:		
Exchange differences	<u>—</u>	<u>21,027</u>
Total comprehensive income for the year	638,103	824,613
Attributable to:		
Owners of the Company	450,164	854,946
Non-controlling interests	<u>187,939</u>	<u>(30,333)</u>
	<u>638,103</u>	<u>824,613</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Non-current assets		
Property, plant and equipment	125,761	93,868
Investment properties	19,745,832	18,604,066
Investments in joint ventures	1,853,509	1,780,760
Investments in associates	14,174	21,300
Prepayments for acquisition of land	2,801,290	2,555,067
Prepayments and other receivables	792,413	22,934
Intangible assets	32,597	32,959
Deferred tax assets	253,446	150,820
	<u>25,619,022</u>	<u>23,261,774</u>
Total non-current assets	25,619,022	23,261,774
Current assets		
Inventories	7,920	14,658
Land held for development for sale	768,008	1,111,781
Properties under development	6,494,611	5,121,082
Completed properties held for sale	4,791,514	5,453,716
Prepayments for acquisition of land	529,529	1,121,228
Contract assets	138,439	140,242
Trade receivables	912,416	1,186,619
Prepayments, deposits and other receivables	2,197,831	3,463,103
Prepaid corporate income tax	129,655	143,720
Prepaid land appreciation tax	244,995	262,178
Restricted cash	1,006,857	728,486
Cash and cash equivalents	1,032,666	1,077,775
	<u>18,254,441</u>	<u>19,824,588</u>
Total current assets	18,254,441	19,824,588
Total assets	<u>43,873,463</u>	<u>43,086,362</u>

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Non-current liabilities		
Interest-bearing bank and other borrowings	1,146,666	4,375,520
Deferred tax liabilities	2,505,589	2,516,583
Lease liabilities	399,255	–
Other non-current liabilities	2,659	–
	<u>4,054,169</u>	<u>6,892,103</u>
Current liabilities		
Contract liabilities	4,733,967	3,046,881
Trade payables	3,378,641	2,716,306
Other payables and accruals	2,917,219	4,138,083
Derivative financial instruments	769,496	746,708
Interest-bearing bank and other borrowings	13,869,059	12,651,205
Corporate income tax payable	678,807	469,079
Provision for land appreciation tax	875,513	587,438
Lease liabilities	61,071	–
	<u>27,283,773</u>	<u>24,355,700</u>
Total liabilities	<u>31,337,942</u>	<u>31,247,803</u>
Equity		
Equity attributable to owners of the Company		
Issued capital	159,418	159,418
Reserves	11,697,580	11,215,526
	11,856,998	11,374,944
Non-controlling interests	<u>678,523</u>	<u>463,615</u>
Total equity	<u>12,535,521</u>	<u>11,838,559</u>
Net current liabilities	<u>(9,029,332)</u>	<u>(4,531,112)</u>
Total assets less current liabilities	<u>16,589,690</u>	<u>18,730,662</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

1 BASIS OF PREPARATION

(a) Going concern basis

As at 31 December 2019, the Group's current liabilities exceeded its current assets by RMB9,029,332,000. At the same date, its current borrowings amounted to RMB13,869,059,000 while its cash and cash equivalents amounted to RMB1,032,666,000 only. Since 2018, the financial conditions of the Group's controlling shareholder, China Minsheng Investment Corp., Ltd. ("**China Minsheng**") changed in such a way that triggered certain terms specified in the Group's loan agreements. This resulted in certain of the Group's borrowings amounted to RMB8,187,719,000 in total as at 31 December 2019 becoming immediately repayable if requested by the lenders, of which RMB5,053,108,000 represented loans or corporate bond with scheduled repayment dates within one year, while RMB3,134,611,000 represented non-current loans with original maturity dates beyond 31 December 2020 that were reclassified as current liabilities. Subsequent to 31 December 2019, among the above-mentioned borrowings of RMB8,187,719,000, certain terms specified in the loan agreements with total borrowings of RMB4,855,951,000 were further triggered by the detention of Mr. Chen Donghui, an executive director of the Company, by the relevant authorities in the PRC as publicly announced by the Company on 20 February 2020 ("**Mr. Chen Detention Matter**"), and thus resulted in these borrowings becoming immediately repayable (if requested by the lenders) as at the date of approval of these consolidated financial statements. In addition, subsequent to 31 December 2019, the Group failed to repay US\$52,854,000 of the senior notes due on 20 April 2020 and subsequently repaid in full on 24 April 2020, which also constituted an event of default after 31 December 2019 ("**Senior Notes Default**"). This event resulted in certain of the Group's borrowings amounted to RMB9,084,748,000 in total as at 31 December 2019 becoming immediately repayable (if requested by the lenders) as at the date of approval of these consolidated financial statements, out of which RMB7,613,217,000 was also included in the above-mentioned borrowings of RMB8,187,719,000. Such conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) Although the lenders has not requested the Group to repay the relevant loan and corporate bond immediately, the Group has constantly maintained active communication with relevant banks and financial institutions to explain changes in the financial conditions of China Minsheng, Mr. Chen Detention Matter and Senior Notes Default. The Directors are confident to convince the relevant lenders not to exercise their rights to demand the

Group's immediate repayment of the bank loans and corporate bond prior to their scheduled contractual repayment dates.

- (ii) The Group is also actively negotiating with several existing and financial institutions on the renewal of and extension for repayments of certain borrowings. Subsequent to 31 December 2019, the Group has also been negotiating with various banks and financial institutions to secure new sources of financing. In this connection, the Group was able to renew or obtain new borrowings of RMB1,296 million from existing and new lenders, out of which RMB912 million borrowings are attributable to agreements that do not contain any restrictions relating to the financial conditions of China Minsheng or Mr. Chen Detention Matter or Senior Notes Default (although the loan agreements for the remaining new borrowings of RMB384 million contain terms that cause such borrowings to be subject to immediate repayment if requested by the lenders). The Directors believe that, given the Group's good credit history and the availability of the Group's properties as collateral for the borrowings, the Group will be able to renew existing borrowings and obtain new borrowings when necessary.
- (iii) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables.
- (iv) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2019. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2019. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (i) the successful maintenance of a continuing and normal business relationship with the Group's existing lenders such that no action will be taken by the relevant lenders to exercise their contractual rights to demand immediate repayment of the relevant borrowings and corporate bond;
- (ii) the successful negotiations with the lenders for renewal of or extension for repayment of outstanding borrowings;
- (iii) the successful obtaining of additional new sources of financing as and when needed; and

- (iv) the successful and timely implementation of the plans to accelerate the pre-sales and sales of properties under development and completed properties, speed up the collection of outstanding sales proceeds and other receivables, and control costs and contain capital expenditure so as to generate adequate net cash inflows.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

2. REVENUE

Revenue represents the gross proceeds from the sale of properties, gross rental income received and receivable from investment properties, property management income received and receivable, an appropriate proportion of contract revenue from construction, decoration and landscaping, and business park operation and management service income received and receivable from the provision of operation and management services to the business park projects, all net of business tax, value-added tax and surcharges, during the year.

An analysis of the Group's revenue is as follows:

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers recognised at a point in time		
Sale of properties	4,463,520	5,957,781
Revenue from contracts with customers recognised over time		
Business park operation and management service income	42,149	62,842
Construction, decoration and landscaping income	384,323	318,599
Property management income	632,786	539,138
	1,059,258	920,579
Revenue from contracts with customers	5,522,778	6,878,360
Revenue from other sources		
Rental income	554,622	478,598
	6,077,400	7,356,958

3 FINANCE COSTS – NET

An analysis of finance income and costs is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Finance costs		
Interest on bank loans and other loans	1,475,544	1,470,484
Interest on lease liabilities	34,330	–
Less: Interest capitalised	<u>(768,530)</u>	<u>(675,848)</u>
	741,344	794,636
Interest income	<u>(58,246)</u>	<u>(134,783)</u>
Finance costs – net	<u><u>683,098</u></u>	<u><u>659,853</u></u>

4 INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2018: Nil). The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on their taxable profits for the year.

An analysis of the income tax charges for the year is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Current – PRC		
Corporate income tax charge for the year	339,223	105,971
Land appreciation tax charge for the year	<u>442,965</u>	<u>409,417</u>
	<u>782,188</u>	<u>515,388</u>
Deferred:		
Current year	<u>(112,882)</u>	<u>166,164</u>
	<u>(112,882)</u>	<u>166,164</u>
Total tax charge for the year	<u><u>669,306</u></u>	<u><u>681,552</u></u>

5 DIVIDEND

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed no final dividend (2018: Nil) per ordinary share	<u><u>-</u></u>	<u><u>-</u></u>

6 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share is based on the consolidated profit for the year attributable to the ordinary equity holders of the Company of RMB450,164,000 (2018: RMB833,919,000), and the weighted average number of ordinary shares of 2,583,970,000 (2018: 2,583,970,000) in issue during the year.

Diluted earnings per share is same as basic earnings per share for the years ended 31 December 2019 and 2018 as the Group had no potentially dilutive ordinary shares in issue during those years.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the external auditor of the Company:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 2.1(c) to the consolidated financial statements, which states that as at 31 December 2019, the Group's current liabilities exceeded its current assets by RMB9,029,332,000. At the same date, its current borrowings amounted to RMB13,869,059,000 while its cash and cash equivalents amounted to RMB1,032,666,000 only. Since 2018, the financial conditions of the Group's controlling shareholder, China Minsheng Investment Corp., Ltd. changed in such a way that triggered certain terms specified in the Group's loan agreements. This resulted in certain of the Group's borrowings amounted to RMB8,187,719,000 in total as at 31 December 2019 becoming immediately repayable if requested by the lenders. Subsequent to 31 December 2019, the detention of an executive director of the Company by the authorities in the People's Republic of China and a delay in repayment of senior notes also constituted the occurrences of certain triggering events under the loan agreements resulting in defaults of the Group's certain borrowings. The above events resulted in a total of RMB9,084,748,000 of the Group's borrowings as at 31 December 2019 becoming immediately repayable (if requested by the lenders) as at the date of this report. Such conditions, along with other matters as set forth in note 2.1(c) to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

EVENTS AFTER REPORTING PERIOD

Other than the events stated in the Subsequent Events in the 2019 Unaudited Results Announcement, on 17 April 2017, the Company issued the 6.95 per cent. senior notes in an aggregate principal amount of US\$300,000,000, which will be due in 2020 (the “**2020 Notes**”). On 26 February 2020, the Company commenced the offer exchange to exchange the outstanding principal amount of the 2020 Notes in accordance with the terms of the offer exchange and consent solicitation memorandum (the “**Exchange Offer**”). On 27 March 2020, the Exchange Offer and consent solicitation were completed. Upon completion of the Exchange Offer, USD247,146,000 of the 2020 Notes which were effectively submitted and accepted in accordance with the Exchange Offer have been cancelled and converted into new notes, and the remaining outstanding principal amount of the 2020 Notes was USD52,854,000. For details, please refer to the announcements of the Company dated 26 February 2020, 2 March 2020, 10 March 2020, 17 March 2020, 24 March 2020 and 27 March 2020.

Further reference is made to the announcements of the Company dated 23 April 2020 and 24 April 2020. Pursuant to the Indenture governing the 2020 Notes (the “**Indenture**”), all outstanding principal amount of the 2020 Notes shall be paid on 20 April 2020. Payment of such outstanding principal amount of the 2020 Notes was not made by the Company on 20 April 2020 and the payment obligation under the Indenture was subsequently satisfied by the Company on 24 April 2020. The non-payment of the outstanding principal amount of the 2020 Notes during the period from 20 April 2020 till 24 April 2020 constitutes an event of default under the Indenture.

As a result of the default of the 2020 Notes, it has resulted in certain triggering events (the “**Triggering Events**”) under certain loan agreements entered into by the Group in an aggregate outstanding principal amount of up to approximately RMB9.14 billion (the “**Yida Loans**”) as at the date of this announcement. As a result of such Triggering Events, the relevant lenders of the Yida Loans may demand immediate repayment of the outstanding loans, accrued interests and all other amounts accrued or outstanding under the Yida Loans. The Group has been actively communicating and negotiating with the relevant lenders to obtain waivers of the Triggering Events. As of the date of this announcement, the Group has not obtained any waiver from any such lenders, nor has it received any notice from such lenders to accelerate payments or take any other enforcement actions under any Yida Loans.

The Company wishes to reiterate that event of default under the Indenture in relation to the 2020 Notes and the Triggering Events (or any acceleration by the relevant lenders) under the Yida Loans solely as a result of the default resulting from the event of default under 2020 Notes will not lead to any event of default under the US\$ denominated senior notes due 2022 issued by the Company on 27 March 2020.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Auditor to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this announcement.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2019 will be published on the websites of the Stock Exchange and the Company on 15 May 2020.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2020 (the "AGM") will be held on Monday, 15 June 2020. A notice convening the AGM will be published in due course.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 10 June 2020 to Monday, 15 June 2020 (both days inclusive), during such period no transfer of shares will be registered. To ascertain shareholders who are eligible to attend and vote at the AGM to be held on Monday, 15 June 2020, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 9 June 2020.

By order of the Board
Yida China Holdings Limited
Jiang Xiuwen
Chairman and Chief Executive Officer

Hong Kong, 15 May 2020

As at the date of this announcement, the executive directors of the Company are Mr. Jiang Xiuwen, Mr. Chen Donghui (suspension of duties), Ms. Zheng Xiaohua and Mr. Yu Shiping, the non-executive directors of the Company are Mr. Wang Gang, Mr. Zong Shihua and Mr. Zhou Yaogen and the independent non-executive directors of the Company are Mr. Yip Wai Ming, Mr. Guo Shaomu, Mr. Wang Yinping and Mr. Han Gensheng.