



WEIYE HOLDINGS LIMITED
偉業控股有限公司*

(Incorporated in the Republic of Singapore with limited liability)

Hong Kong Stock Code : 1570



2024 Interim Report

** For identification purpose only*

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CORPORATE INFORMATION

EXECUTIVE DIRECTOR

Mr. Chen Zhiyong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liu Ning

Mr. Dong Xincheng

Mr. Lam Ying Hung Andy

AUDIT COMMITTEE

Mr. Lam Ying Hung Andy (*Chairman*)

Mr. Dong Xincheng

Mr. Liu Ning

NOMINATING COMMITTEE

Mr. Dong Xincheng (*Chairman*)

Mr. Lam Ying Hung Andy

Mr. Liu Ning

REMUNERATION COMMITTEE

Mr. Liu Ning (*Chairman*)

Mr. Dong Xincheng

Mr. Lam Ying Hung Andy

COMPANY SECRETARIES

Ms. Sharon Lim Siew Choo (ACS, ACG)

Mr. Man Yun Wah (ACG, HKACG)

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

19th Floor, Building A

Weiye International Square

Intersection of Yanqiao Road

Zhengkai Avenue, Zhendong

New District, Zhengzhou City

Henan Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1307A, 13/F, Two Harbourfront

22 Tak Fung Street, Hunghom, Kowloon

Hong Kong

REGISTERED OFFICE

10 Bukit Batok Crescent

#06-05 The Spire

Singapore 658079

AUDITORS

BDO Limited

25th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

PRINCIPAL BANKERS

China Construction Bank (Henan Branch)

80 Garden Road, Zhengzhou City

Henan Province

The PRC 450003

China Construction Bank (Hainan Branch)

Jian Hang Building, Guo Mao Main Road

Haikou City, Hainan Province

The PRC 570125

United Overseas Bank Ltd

80 Raffles Place

UOB Plaza

Singapore 048624

FINANCIAL HIGHLIGHTS

Weiyee Holdings Limited (the “Company”) was incorporated in the Republic of Singapore. The ordinary shares of the Company (the “Shares”) have been listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 6 April 2016.

The board (the “Board”) of directors (the “Directors”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024, together with the comparative figures for the six months ended 30 June 2023.

Financial highlights

	Unaudited six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenue	58,716	1,352,004
Gross profit	20,989	53,390
Loss attributable to owners of the Company	(71,710)	(41,838)
Loss per share (RMB cents)	(36.56)	(21.33)

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Property Development		
Sales	31,985	1,311,593
Cost of sales	(20,713)	(1,269,736)
Gross profit	11,272	41,857
Gross Profit Margin	35%	3%
Equipment Manufacturing		
Sales	26,731	40,411
Cost of sales	(17,014)	(28,878)
Gross profit	9,717	11,533
Gross Profit Margin	36%	29%

Revenue and Gross Profit Margin ("GP Margin")

Property development business

Property development sales decreased from approximately Renminbi ("RMB") 1,311.6 million for the six months ended 30 June 2023 to approximately RMB32.0 million for the six months ended 30 June 2024. Total net saleable floor area ("NSFA") handed over to customers for the six months ended 30 June 2024 amounted to approximately 2,103 sq.m. (2023: 80,294 sq.m.).

Revenue from property development business was mainly from the following projects, namely Sunlight Mansion, Weiye Shangcheng Sanhaoyuan and Weiye Yehai Shangcheng, which contributed approximately RMB12.5 million, RMB12.0 million and RMB5.2 million respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Revenue and Gross Profit Margin ("GP Margin") (Continued)

Property development business (Continued)

The gross profit ("GP") margin of property development business was increased from 3% for the six months ended 30 June 2023 to 35% for the six months ended 30 June 2024. It was mainly because of 57% of the total revenue generated from the sales of commercial units, which contributed higher GP ratio of 34% to the Group. As a result, the overall GP margin increased significantly as compared to the corresponding period in 2023.

Equipment manufacturing business

The sales of equipment manufacturing business comprised clean room equipment ("CRE"), air purification integrated solutions, Heating, Ventilation and Air Conditioning ("HVAC") equipment. The equipment manufacturing business decreased during the six months ended 30 June 2024 was mainly due to an economic uncertainty and reduced production requirements in key industries in the South East Asian markets, including Malaysia, Philippines and Vietnam. Thus, the overall revenue of the equipment manufacturing business decreased by approximately 34% from approximately RMB40.4 million for the six months ended 30 June 2023 to approximately RMB26.7 million for the six months ended 30 June 2024.

Selling and distribution expenses

Selling and distribution expenses for the six months ended 30 June 2024 were approximately 75% lower than the corresponding period in 2023, which was mainly due to less promotional and marketing activities for property projects launched during the six months ended 30 June 2024.

Administrative expenses

Administrative expenses for the six months ended 30 June 2024 decreased by approximately 6% as compared to the corresponding period in 2023, which was mainly due to decreases in salaries, office, travelling and entertainment expenses as a result of effective cost control measures implemented within the Group as compared with the corresponding period in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Net finance costs

	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Interest expense	(18,507)	(15,243)
Interest on lease liabilities	(131)	(55)
Interest income	469	1,332
Net finance costs	(18,169)	(13,966)

Net finance costs for the six months ended 30 June 2024 was higher than the corresponding period in 2023, which was mainly due to an increase in loans and borrowings, and as a result, an increase in interest expenses during the six months ended 30 June 2024.

Taxation

Tax credit for the six months ended 30 June 2024 amounted to approximately RMB21,390,000 (2023 tax expenses: RMB56,376,000), which was mainly attributable to lower provision of corporate income tax of approximately RMB1.6 million and refund of land appreciation tax expense of approximately RMB23.1 million during the six months ended 30 June 2024 as a result of significant decrease in profit during the six months ended 30 June 2024.

Review of financial position

The decrease in development properties and prepaid costs of approximately RMB46.7 million was mainly due to the impairment loss of RMB51 million was provided for Weiye Lanting Bay during the six months ended 30 June 2024.

The increase in the trade and other receivables of approximately RMB183.6 million was mainly due to advance to project owners under the project management agreement during the six months ended 30 June 2024 on providing project management services to project owners for the development of a land parcel located in PRC.

The net increase in loans and borrowings of approximately RMB202.8 million was mainly due to increase of loans and borrowings during the six months ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2024, the Group's net current assets amounted to approximately RMB1,438.0 million, which keep steady as compared to 31 December 2023 because of a decrease in development properties and prepaid costs of approximately RMB46.7 million and increase in loans and borrowings (current) of approximately RMB139.0 million, partially offset by increase in trade and other receivables of approximately RMB183.6 million. Bank and other borrowings are mainly denominated in RMB, United States Dollar and Malaysia Ringgit. As at 30 June 2024, the total outstanding loans and borrowings amounted to approximately RMB1,013.0 million and cash and cash equivalents amounted to approximately RMB54.9 million. Particulars of loans and borrowings of the Group as at 30 June 2024 are set out in Note 12 to the condensed consolidated financial statements for the six months ended 30 June 2024.

PROSPECTS

Looking forward to the coming year, we expect the global economy environment was continued to be challenging. In PRC, real estate business is still under highly challenging and uncertain condition brought by the soaring inflation, the changing global geopolitical landscape and the real estate policies in the PRC. It is believed that the consumer confidence and market sentiment may be restored at some point of time, taking into account the time needed for the relevant policies to take effect. Meanwhile, the Group will conduct timely reviews the real estate policies in the PRC and realign business strategies to facilitate the cash inflow by broadening sources of income at lower costs. As for incremental investments, the Group will adopt the strategy of shifting from an asset-heavy operation to an asset-light operation, while continuing to advance an industry driven transformation upgrade of our traditional real estate business, in order to achieve healthy and orderly growth of the Group in the long term.

DISCLOSURE OF INTERESTS

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests or short positions of each Director and Chief Executive of the Company in the shares, underlying shares or debentures of the Company or its any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of the Company (the “Model Code”) as set out in Appendix C3 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Capacity/ Nature of interest	Number of securities	Approximate percentage of interest
Mr. Chen Zhiyong	Beneficial Interest	40,240,256 (L)	20.52%

(L) denotes long position

Save as disclosed above, as at 30 June 2024, none of the Directors or Chief Executive Officer of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the persons (other than the Directors and chief executive of the Company) or entities who have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

Name of Substantial Shareholders	Capacity/ Nature of interest	Number and class of securities	Approximate percentage of interest
Mr. Zhang Wei	Beneficial Interest	91,029,648 (L)	46.41%
	Interest in controlled corporation (Note)	15,792,290 (L)	8.05%
Fine Skill Holdings Limited	Beneficial interest	15,792,290 (L)	8.05%

Note: Mr. Zhang Wei is deemed to be interested in the 15,792,290 Shares held by Fine Skill Holdings Limited, a company wholly-owned by Mr. Zhang Wei.

(L) denotes long position

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other persons (other than the Directors and chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, there were 243 (2023: 283) employees in the Group. Total employee benefits expenses of the Group (including Directors' fee) for the six months ended 30 June 2024 were approximately RMB15.1 million (2023: RMB18.0 million). Staff remuneration packages are determined based on each employee's qualifications, experience, position and seniority. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and the Group's results of operations.

SIGNIFICANT INVESTMENTS HELD

Except for investment in subsidiaries and joint ventures, the Group did not hold any significant investment in equity interest in any other company during the six months ended 30 June 2024.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this report, there was no material acquisition and disposal of subsidiaries by the Group during the six months ended 30 June 2024.

NET GEARING RATIO

Net gearing ratio is calculated based on our total debt less cash and cash equivalents divided by total equity. Total debt includes interest bearing loans and borrowings. As at 30 June 2024, the Group had net gearing ratio of approximately 58% as compared to that of approximately 43% as at 31 December 2023. Details of the net gearing ratio are set out in Note 19 to the condensed consolidated financial statements for the six months ended 30 June 2024.

FOREIGN EXCHANGE EXPOSURE

The Group's property development and equipment manufacturing business are principally conducted in RMB and SGD, which are the functional currencies of the respective subsidiaries of the Group. Most of the Group's monetary assets and liabilities are denominated in RMB and SGD. Accordingly, the Directors consider the Group's exposure to foreign currency risk is not significant. The Group does not employ any financial instruments for hedging purposes.

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in Note 18 to the condensed consolidated financial statements for the six months ended 30 June 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE CAPITAL

Details of the Company's issued share capital during the six months ended 30 June 2024 are set out in Note 13 to the condensed consolidated financial statements for the six months ended 30 June 2024. There were no movement in the Company's issued share capital during the six months ended 30 June 2024.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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. The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules for its corporate governance practices during the six months ended 30 June 2024. In the opinion of the Board, the Company had complied with the applicable code provisions as set out in the CG Code throughout the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, redemption or sale of listed securities of the Company during the six months ended 30 June 2024.

INTERIM DIVIDEND

The Board did not recommend to declare any interim dividend for the six months ended 30 June 2024.

SHARE OPTION SCHEME

There was no share option scheme as at 30 June 2024.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event after the six months ended 30 June 2024 and up to the date of this report.

COMPETITION AND CONFLICT OF INTERESTS

Except for the interests in the Group, none of the Directors, controlling shareholders of the Company or any of their respective associates had engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the period under review.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors as at the date of this report, namely:

Mr. Lam Ying Hung Andy (*Chairman*)

Mr. Dong Xincheng

Mr. Liu Ning

The Audit Committee has reviewed the Group's consolidated results for the six months ended 30 June 2024.

CHANGES OF INFORMATION OF DIRECTORS

Save as disclosed in this interim report, there was no change in Directors' information that was required to be disclosed in accordance with Rule 13.51B(1) of the Listing Rules since the publication of the annual report for the year ended 31 December 2023 of the Company and up to the date of this report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all the Directors, and the Directors confirmed that they had complied with all relevant requirements as set out in the Model Code during the six months ended 30 June 2024.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The consolidated results of the Group for the six months ended 30 June 2024 have not been audited or reviewed by the auditors of the Company.

By order of the Board

Weiye Holdings Limited

Chen Zhiyong

Executive Chairman

Hong Kong, 26 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	4	58,716	1,352,004
Cost of sales		(37,727)	(1,298,614)
Gross profit		20,989	53,390
Other income	5	6,045	4,554
Selling and distribution expenses		(1,512)	(5,987)
Administrative expenses		(32,814)	(34,788)
Other operating expenses		(59,787)	(3,400)
Share of loss from joint ventures		–	(111)
Results from operations		(67,079)	13,658
Net finance costs	6	(18,169)	(13,966)
Loss before taxation	8	(85,248)	(308)
Tax expense	7	21,390	(56,376)
Loss for the period		(63,858)	(56,684)
Loss attributable to:			
Owners of the Company		(71,710)	(41,838)
Non-controlling interests		7,852	(14,846)
Loss for the period		(63,858)	(56,684)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Other comprehensive loss			
Foreign currency translation differences			
– foreign operations		365	(5,289)
Total other comprehensive income/(loss) for the period, net of tax		365	(5,289)
Total comprehensive loss the period		(63,493)	(61,973)
Total comprehensive loss attributable to:			
Owners of the Company		(71,513)	(42,123)
Non-controlling interests		8,020	(19,850)
		(63,493)	(61,973)
Loss per share:			
Basic loss per share (RMB cents)	15	(36.56)	(21.33)
Diluted loss per share (RMB cents)	15	(36.56)	(21.33)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Non-current assets			
Investment properties		478,000	478,000
Property, plant and equipment	9	167,992	168,531
Intangible assets		309	436
Joint ventures		110,000	112,253
Trade and other receivables		99,160	99,160
Deferred tax assets		23,639	23,884
		879,100	882,264
Current assets			
Development properties and prepaid costs		1,820,974	1,867,652
Inventories		23,440	21,392
Contract costs	21	268	268
Trade and other receivables	10	927,118	743,502
Contract assets	21	216,734	216,734
Prepaid tax		64,296	64,049
Other investments		1,140	1,612
Cash and cash equivalents		54,855	61,553
		3,108,825	2,976,762

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Current liabilities			
Trade and other payables	11	684,364	686,188
Contract liabilities	21	110,111	116,893
Loans and borrowings	12	640,204	501,233
Income tax payable		236,142	237,891
		1,670,821	1,542,205
Net current assets			
		1,438,004	1,434,557
Non-current liabilities			
Loans and borrowings	12	372,774	308,954
Deferred tax liabilities		279,883	279,927
		652,657	588,881
Net assets			
		1,664,447	1,727,940
Equity			
Share capital	13	359,700	359,700
Reserves		858,118	929,631
Equity attributable to owners of the Company			
Non-controlling interests		446,629	438,609
Total equity			
		1,664,447	1,727,940

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cash flows used in operations	(191,416)	(207,342)
Income tax paid	(3,589)	(33,232)
Net cash flows used in operating activities	(195,005)	(240,574)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(287)	(707)
Proceeds from disposal of property, plant and equipment	179	410
Interest received	469	1,332
Amounts due from non-controlling interests (non-trade)	3,572	14,015
Proceeds from disposal of other investments	–	2,158
Net cash inflow from disposal of joint venture	3,169	–
Net cash flows generated from investing activities	7,102	17,208

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Cash flows from financing activities:		
(Increase)/decrease in restricted cash	(16,335)	278,167
Repayment of principal portion of lease liabilities	(590)	(1,855)
Interest paid	(18,639)	(15,528)
Repayment of loans and borrowings	(105,122)	(324,605)
Proceeds from loans and borrowings	305,064	300,326
Net cash flows generated from financing activities	164,378	236,505
Net (decrease)/increase in cash and cash equivalents	(23,525)	13,139
Cash and cash equivalents at beginning of financial period	41,423	93,419
Effects of exchange rate fluctuations on cash held	185	(5,594)
Cash and cash equivalents at end of financial period	18,083	100,964
Additional information:		
Cash and bank balances	54,855	138,730
Less: Restricted cash	(33,921)	(33,921)
Less: Bank overdrafts	(2,851)	(3,845)
Total cash and cash equivalents in condensed consolidated statement of cash flows	18,083	100,964

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital	Merger reserve	Capital reserves	Foreign currency translation reserve	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	359,700	(59,669)	(550)	(30,286)	134,136	943,686	1,347,017	485,659	1,832,676
Total comprehensive loss for the period									
Loss for the period	-	-	-	-	-	(41,838)	(41,838)	(14,846)	(56,684)
Other comprehensive loss									
Foreign currency translation differences – foreign operations	-	-	-	(285)	-	-	(285)	(5,004)	(5,289)
Total comprehensive loss for the period	-	-	-	(285)	-	(41,838)	(42,123)	(19,850)	(61,973)
Transfer from retained earnings to statutory reserves	-	-	-	-	2,596	(2,596)	-	-	-
At 30 June 2023	359,700	(59,669)	(550)	(30,571)	136,732	899,252	1,304,894	465,809	1,770,703

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								Total equity RMB'000
	Share capital RMB'000	Merger reserve RMB'000	Capital reserves RMB'000	Foreign currency translation reserve RMB'000	Statutory reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2024	359,700	(59,669)	(550)	(35,340)	136,788	888,402	1,289,331	438,609	1,727,940
Total comprehensive loss for the period									
Loss for the period	-	-	-	-	-	(71,710)	(71,710)	7,852	(63,858)
Other comprehensive income									
Foreign currency translation differences – foreign operations	-	-	-	197	-	-	197	168	365
Total comprehensive loss for the period	-	-	-	197	-	(71,710)	(71,513)	8,020	(63,493)
Transfer from retained earnings to statutory reserves	-	-	-	-	-	-	-	-	-
At 30 June 2024	359,700	(59,669)	(550)	(35,143)	136,788	816,692	1,217,818	446,629	1,664,447

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Weiye Holdings Limited is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 10 Bukit Batok Crescent, #06-05 The Spire, Singapore 658079. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited since 6 April 2016.

The principal activities of the Group are those property developments for residential and commercial properties in the People's Republic of China ("PRC"), and the manufacturing and trading of heating, ventilation, air-conditioning, air purification and clean room equipment.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

This interim financial report has been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with International Accounting Standard (IAS) 34, Interim financial reporting, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 28 August 2023.

The interim financial report 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 2023 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2023 annual financial statements, except for the following new standards and amendments which apply for the first time in 2024. However, not all are expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

The following new standards and amendments are effective for the period beginning 1 January 2024:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

The Group has not early applied any new or amended IFRSs that is not yet effective for the current accounting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the products and services offered, and has two reportable operating segments as follows:

I. Property development

Property development includes the development and sales of both commercial and residential property units, construction of resettlement houses in the PRC and the leasing of investment properties to generate rental income and to derive capital gains from the investment properties in the long term.

II. Clean room equipment, heat ventilation and air-conditioning products, and air purification integrated solutions (“Equipment manufacturing”)

A clean room provides an environment where the humidity, temperature and particles in the air are precisely controlled. Clean room equipment includes fan filter units, air showers, clean booths, pass boxes, clean hand dryers and clean benches, amongst others. Heat ventilation and air-conditioning products are essentially deflection grilles and air diffusers installed to channel and regulate the airflow into the environment within the building to ensure an even distribution of air within the confined space. Air purification equipment (also referred to as air cleaners) are electrical devices that remove solid and gaseous pollutants from the air such as formaldehyde and PM2.5 which may pose adverse health risks that include breathing difficulties, asthma and allergies. Through the function of air filters or sterilising systems built into each air purification equipment, the concentration of dust, contaminants, fine particles and volatile organic compounds in the air are reduced to the benefit of individuals within the immediate vicinity. Integrated with air purification systems, other solutions such as smart home equipment with integrated security system implementation services, renovation materials and supply and installation of smart door and window systems have been included in this segment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

The Group's Executive Chairman (Chief Operating Decision Maker) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the condensed consolidated financial statements.

Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

There are no inter-segment sales within the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

Reconciliations of reportable revenue, profit or loss, assets and liabilities

	Unaudited six months ended 30 June					
	Property Development		Equipment Manufacturing		Total	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Revenue from external customers	31,985	1,311,593	26,731	40,411	58,716	1,352,004
Segments results	(65,673)	12,857	(1,406)	801	(67,079)	13,658
Finance income	406	922	63	98	469	1,020
Finance costs	(18,140)	(12,667)	(498)	(2,319)	(18,638)	(14,986)
Loss before taxation					(85,248)	(308)
Taxation					21,390	(56,376)
Non-controlling interests					(7,852)	14,846
Loss attributable to owners of the Company					(71,710)	(41,838)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

Reconciliations of reportable revenue, profit or loss, assets and liabilities (Continued)

	30 June 2024 (unaudited)			31 December 2023 (audited)		
	Property Development	Equipment Manufacturing	Total	Property Development	Equipment Manufacturing	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	3,898,237	89,688	3,987,925	3,768,270	90,756	3,859,026
Segment liabilities	(1,288,716)	(21,784)	(1,310,500)	(1,294,979)	(25,920)	(1,320,899)
Loans and borrowings	(991,543)	(21,435)	(1,012,978)	(792,395)	(17,792)	(810,187)
Total liabilities			(2,323,478)			(2,131,086)

Unaudited six months ended 30 June

	2024			2023		
	Property Development	Equipment Manufacturing	Total	Property Development	Equipment Manufacturing	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other segment information						
Depreciation of property, plant and equipment	2,853	1,091	3,944	2,182	619	2,801
Depreciation of right-of-use assets	–	528	528	–	1,658	1,658
Amortisation of intangible assets	20	105	125	20	102	122

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

Geographical segment

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

The following table presents revenue and certain non-current assets information regarding the Group's geographical segments:

Geographical segments

Revenue	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000
PRC	33,927	1,317,449
Singapore	24,660	29,683
Other countries	129	4,872
	58,716	1,352,004
Non-current assets*	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
PRC	723,826	729,107
Singapore	12,593	10,474
Other countries	19,882	19,639
	756,301	759,220

* Excluding trade and other receivables and deferred tax assets

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER INCOME

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Rental income	4,600	2,990
Gain on disposal of property, plant and equipment	50	281
Gain on disposal of joint venture	916	—
Government grant	32	86
Others	447	1,197
	6,045	4,554

6. NET FINANCE COSTS

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Interest expense	(18,507)	(15,243)
Interest on lease liabilities	(131)	(55)
Interest income	469	1,332
	(18,169)	(13,966)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. TAXATION

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Current tax expenses		
– Current period	(1,551)	(12,413)
	(1,551)	(12,413)
Deferred tax expense		
– Origination and reversal of temporary differences	(121)	(8,822)
	(121)	(8,822)
Land appreciation tax expenses		
– Current period	23,062	(35,141)
	23,062	(35,141)
	21,390	(56,376)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. TAXATION (Continued)

Singapore and PRC income tax liabilities are calculated at the applicable rates in accordance with the relevant tax laws and regulations in Singapore and the PRC.

Pursuant to the PRC Enterprise Income Tax Law promulgated on 16 March 2007, the enterprise income tax for both domestic and foreign-invested enterprises have been unified at 25% effective from 1 January 2008.

According to the Implementation Rules of the Corporate Income Tax Law of PRC, the Company's subsidiaries in the PRC are levied a 10% withholding tax on dividends declared to their foreign investment holding companies arising from profit earned subsequent to 1 January 2008. In respect of dividends that are subject to the withholding tax, provision for withholding tax is recognised for the dividends that have been declared, and deferred tax liability is recognised for those to be declared in the foreseeable future.

Certain subsidiaries within the Group are paying corporate income tax on a deemed tax basis as agreed with the local tax authorities. The tax obligations are determined by applying the corporate income tax rate on the deemed profit generated. The deemed profit generated is calculated based on a deemed profit rate on the revenue generated by the subsidiaries.

Land appreciation tax ("LAT") is levied on properties in the PRC developed for sale by the Group at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds from the sale of properties less deductible expenditures which include lease charges of land use rights, borrowing costs and all property development expenditures.

The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for some of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the difference realises.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. LOSS BEFORE TAXATION

Loss before taxation for the period has been arrived at after charging the following:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Depreciation of property, plant and equipment	3,944	2,801
Depreciation of right-of-use assets	528	1,658
Amortisation of intangible assets	125	122
Property, plant and equipment written off	90	25

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB0.3 million (2023: RMB2.8 million) on the acquisition of property, plant and equipment.

10. TRADE AND OTHER RECEIVABLES

Trade receivables of the Group are non-interest bearing and are normally settled between 30 to 180 days (31 December 2023: 30 to 180 days).

The following is an analysis of trade receivables by age, presented based on invoices date:

	30 June	31 December
	2024 RMB'000 (unaudited)	2023 RMB'000 (audited)
0–30 days	16,001	17,099
31–90 days	3,084	662
91–180 days	1,606	756
181–365 days	27	62
Over 365 days	26,155	26,112
	46,873	44,691

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE AND OTHER PAYABLES

Trade payables primarily comprise construction costs payable to third parties.

Ageing profile

The ageing profile of trade payables of the Group at the reporting date based on invoice date, is as follows:

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
0–30 days	263,524	279,362
31–60 days	435	713
61–90 days	103	2,036
Over 90 days	15,825	14,176
	279,887	296,287

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. LOANS AND BORROWINGS

	As at 30 June 2024			As at 31 December 2023		
	Secured RMB'000 (unaudited)	Unsecured RMB'000 (unaudited)	Total RMB'000 (unaudited)	Secured RMB'000 (audited)	Unsecured RMB'000 (audited)	Total RMB'000 (audited)
Amount repayable						
– in one year or less or on demand	623,965	16,239	640,204	422,101	79,132	501,233
– after one year	370,895	1,879	372,774	307,464	1,490	308,954
	994,860	18,118	1,012,978	729,565	80,622	810,187

Details of any collateral

The loans and borrowings for the Group include banker's acceptance, loans from trust finance company, other loans, finance lease liabilities, bank overdrafts and bank loans. The loans and borrowings, excluding finance lease liabilities, are secured by:

- Legal mortgage of the assets of subsidiaries, property development units and investment properties;
- Legal mortgage of the property, plant and equipment;
- Corporate guarantee from the group companies; and
- Guarantee from third party.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. SHARE CAPITAL

	Share capital RMB'000	No. of shares issued '000
Issued and fully paid:		
As at 1 January and 30 June 2024	359,700	196,133

The holders of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares of the Company carry one vote per share without restrictions.

There were no treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

14. DIVIDEND

The Board did not declare or recommend interim dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. LOSS PER SHARE

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
Loss attributable to owners of the Company (RMB'000)	(71,710)	(41,838)
Weighted average number of ordinary shares in issue (in thousands)	196,133	196,133
Loss per ordinary share:		
(i) Based on weighted average number of ordinary shares in issue (RMB cents)	(36.56)	(21.33)
(ii) On a fully diluted basis (RMB cents)	(36.56)	(21.33)

Diluted loss per ordinary share is calculated on the same basis as basic loss per ordinary share as there were no potential dilutive ordinary shares as at 30 June 2024 and 30 June 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. NET ASSET VALUE

Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer is as follows:

	30 June 2024 (unaudited)	31 December 2023 (audited)
Net assets attributable to owners of the Company (RMB'000)	1,217,818	1,289,331
Number of ordinary shares (in thousands)	196,133	196,133
Net asset value per ordinary share based on issued share capital of the issuer at the end of the financial year (RMB)	6.21	6.57

17. CAPITAL COMMITMENT

Capital commitment contracted for as at the end of the reporting period but not recognised in the condensed consolidated financial statements are as follows:

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Development expenditures authorised and contracted for	173,309	159,408

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. CONTINGENT LIABILITIES

At the respective reporting dates, the contingent liabilities of the Group were as follows:

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Guarantees granted to financial institutions on behalf of purchasers of property units	151,886	187,067

The Group arranges with various domestic banks in the PRC to provide loan and mortgage facilities to purchasers of its properties prior to the transfer of land title deeds. In line with the consumer banking practices in the PRC, these banks require the Group to provide guarantees in respect of these loans including the principal, interest and other incidental costs. The Group is required to maintain certain amounts of cash in designated bank accounts which are pledged to the banks. If a purchaser defaults on a loan, the relevant mortgagee bank is entitled to deduct the amount repayable from the restricted cash account.

These guarantees provided by the Group to the banks would be released by the banks upon the receipt of the building ownership certificate of the respective properties by the bank from the customers when it is issued by the relevant authorities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. NET GEARING RATIO

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Loans and borrowings	1,012,978	810,187
Less: Cash and cash equivalents	(54,855)	(61,553)
Net debt	958,123	748,634
Total equity	1,664,447	1,727,940
Gearing ratio	58%	43%

20. SHARE OPTIONS

As at 30 June 2024, Company does not have any share option scheme.

21. CONTRACT BALANCES

The following table provides information about trade receivables, contract costs, contract assets and contract liabilities from contracts with customers.

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Trade receivables	43,773	41,583
Contract costs	268	268
Contract assets	216,734	216,734
Contract liabilities	110,111	116,893

The Group has applied the practical expedient and recognised the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21. CONTRACT BALANCES (Continued)

Contract assets related to the Group's rights to consideration for work completed but not billed at the reporting date.

Contract liabilities primarily relate to advances from customer for sales of development properties and sales of equipment before the criteria for revenue recognition have been met.

Success-based sales commissions

The Group pays sales commissions to property sales agents for securing property sales contracts for the Group on a success basis. Upon the adoption of IFRS 15, the Group capitalises these incremental costs as contract costs.

Judgements are used to estimate these total contract costs to complete. In making these estimates, management has relied on the expertise of engineering department and to determine the progress of the revenue contract and also on past experience of completed projects. The estimated total contract costs are reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about its remaining performance obligation if the performance obligation is part of a contract that has an original expected duration of one year or less.

22. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of this report, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the condensed consolidated financial statements, the following significant transactions between the Group and related parties took place during the period on terms agreed between the parties:

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Directors' fees		
– directors of the company	330	330
Salaries, representing total compensation to key management personnel	1,142	1,366
PRC statutory welfare fund	64	65
CPF and the defined contributions	44	36
	1,580	1,797
Comprises amount paid/payables to:		
– directors of the company	781	876
– other key management personnel	799	921
	1,580	1,797

23. DISPOSAL OF JOINT VENTURE

On 31 January 2024, the Group disposed its entire interests in Hubei Nonggu Zhonglenglian Investment Co., Ltd ("Nonggu zhonglenglian") at a cash consideration of RMB3,169,700. Nonggu zhonglenglian was engaged in trading of food, storage service, investment holding, technical consultation research and development technology in the PRC. The net equity interest of Nonggu zhonglenglian at the date of disposal was approximately RMB2,253,000. A gain of approximately RMB916,700 was resulted from the disposal of Nonggu zhonglenglian.



WEIYE HOLDINGS LIMITED
偉業控股有限公司*