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**WEIYE HOLDINGS LIMITED**

**偉業控股有限公司\***

(Singapore Company Registration Number: 198402850E)

(Incorporated in the Republic of Singapore with limited liability)

**(Hong Kong Stock Code: 1570)**

**(Singapore Stock Code: BMA)**

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

## UNAUDITED FINANCIAL RESULTS

The Board (the “Board”) of Directors (the “Director(s)”) of Weiye Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the second quarter (“2Q2018”) and the six months ended 30 June 2018 (“1H2018”), together with the relevant comparative figures for the second quarter (“2Q2017”) and six months ended 30 June 2017 (“1H2017”) as follows:

## CONSOLIDATED INCOME STATEMENT

	Note	GROUP			GROUP		
		2Q2018	2Q2017	% change	1H2018	1H2017	% change
		RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
			Restated			Restated	
<b>Revenue</b>							
- Development properties	3	202,502	439,562	-54%	388,076	569,362	-32%
- Equipment manufacturing		13,416	21,353	-37%	27,049	33,928	-20%
		<u>215,918</u>	<u>460,915</u>		<u>415,125</u>	<u>603,290</u>	
<b>Cost of sales</b>							
- Development properties		(116,641)	(404,148)	-71%	(223,870)	(483,949)	-54%
- Equipment manufacturing		(8,398)	(15,446)	-46%	(16,877)	(23,043)	-27%
		<u>(125,039)</u>	<u>(419,594)</u>		<u>(240,747)</u>	<u>(506,992)</u>	
<b>Gross profit</b>		<u>90,879</u>	<u>41,321</u>	120%	<u>174,378</u>	<u>96,298</u>	81%
Other income	4	2,238	2,719	-18%	2,730	3,150	-13%
Selling and distribution expenses		(11,776)	(8,726)	35%	(21,833)	(15,395)	42%
Administrative expenses		(38,001)	(36,291)	5%	(72,196)	(67,359)	7%
Other operating expenses		364	(567)	n.m	(6,179)	(657)	840%
<b>Results from operations</b>		<u>43,704</u>	<u>(1,544)</u>		<u>76,900</u>	<u>16,037</u>	
Net finance income/(expenses)	5	1,500	(8,515)	n.m	2,255	4,483	-50%
Share of profit of joint ventures (net of tax)		-	10,169	-100%	-	10,170	-100%
<b>Profit before taxation</b>		<u>45,204</u>	<u>110</u>		<u>79,155</u>	<u>30,690</u>	
Income tax expenses	6	(23,475)	(14,528)	62%	(49,967)	(35,050)	43%
<b>Profit/(loss) for the period</b>	7	<u>21,729</u>	<u>(14,418)</u>		<u>29,188</u>	<u>(4,360)</u>	
<b>Profit/(loss) attributable to:</b>							
Owners of the Company		20,138	(15,049)		27,191	(12,079)	
Non-controlling interests		1,591	631		1,997	7,719	
		<u>21,729</u>	<u>(14,418)</u>		<u>29,188</u>	<u>(4,360)</u>	

Note:

n.m: Not meaningful

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	GROUP			GROUP		
	2Q2018 RMB'000	2Q2017 RMB'000 Restated	% change +/(−)	1H2018 RMB'000	1H2017 RMB'000 Restated	% change +/(−)
<b>Profit/(loss) for the period</b>	21,729	(14,418)		29,188	(4,360)	
<b>Other comprehensive income/(loss)</b>						
Foreign currency translation differences	1,071	(9,613)	n.m	4,472	(3,967)	n.m
- foreign operations						
<b>Total other comprehensive income/(loss) for the period, net of tax</b>	1,071	(9,613)		4,472	(3,967)	
<b>Total comprehensive income/(loss) for the period</b>	22,800	(24,031)		33,660	(8,327)	
<b>Total comprehensive income/(loss) attributable to:</b>						
Owners of the Company	21,209	(24,662)		31,663	(16,046)	
Non-controlling interests	1,591	631		1,997	7,719	
	22,800	(24,031)		33,660	(8,327)	

Note:

n.m: Not meaningful

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note	GROUP		COMPANY		
	30-Jun-18	31-Dec-17	30-Jun-18	31-Dec-17	
	RMB'000	RMB'000 (Restated)	RMB'000	RMB'000	
<b>Non-current assets</b>					
Property, plant and equipment	8	54,136	55,379	-	-
Investments in subsidiaries		-	-	1,669,975	1,669,975
Investment in joint venture		403,144	403,144	-	-
Investment properties		473,200	473,200	-	-
Amount due from non-controlling interests (non-trade)		99,160	99,160	-	-
Amount due from a joint venture partner (non-trade)		63,049	128,700	-	-
Intangible assets		4,399	3,726	-	-
Deferred tax assets		10,345	10,471	-	-
		1,107,433	1,173,780	1,669,975	1,669,975
<b>Current assets</b>					
Development properties		2,787,148	2,656,168	-	-
Inventories		22,953	17,629	-	-
Trade and other receivables	9	763,680	683,208	192,742	181,076
Contract assets		771,585	771,860	-	-
Amount due from a joint venture (non-trade)		22,781	21,926	-	-
Prepaid tax		195,118	141,091	-	-
Other investments		-	6,520	-	-
Cash and cash equivalents		1,049,332	803,904	26,507	3,350
		5,612,597	5,102,306	219,249	184,426
<b>Current liabilities</b>					
Trade and other payables	10	522,754	609,085	1,276	32,385
Contract liabilities		1,558,257	1,230,131	-	-
Amount due to a joint venture (non-trade)		294,380	282,980	-	-
Amount due to minority shareholder (non-trade)		116,952	184,119	-	-
Loans and borrowings		1,493,891	1,113,395	-	-
Bank overdraft		4,333	3,706	-	-
Finance lease liabilities		229	54	-	-
Income tax payable		174,363	194,789	-	-
		4,165,159	3,618,259	1,276	32,385
<b>Net current assets</b>		1,447,438	1,484,047	217,973	152,041
<b>Non-current liabilities</b>					
Finance lease liabilities		492	137	-	-
Loans and borrowings		726,193	878,188	216,173	185,366
Deferred tax liabilities		272,738	257,274	-	-
		999,423	1,135,599	216,173	185,366
<b>Net assets</b>		1,555,448	1,522,228	1,671,775	1,636,650
<b>Equity</b>					
Share capital	11	359,700	359,700	1,737,554	1,737,554
Reserves		993,258	962,035	(65,779)	(100,904)
<b>Equity attributable to owners of the Company</b>		1,352,958	1,321,735	1,671,775	1,636,650
Non-controlling interests		202,490	200,493	-	-
<b>Total equity</b>		1,555,448	1,522,228	1,671,775	1,636,650

## CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP		GROUP	
	2Q2018	2Q2017	1H2018	1H2017
	RMB'000	RMB'000	RMB'000	RMB'000
		Restated		Restated
<b>Cash flows from operating activities:</b>				
Profit before taxation	45,204	110	79,155	30,690
Adjustments for:				
Amortisation of intangible assets	172	268	342	549
Depreciation of property, plant and equipment	1,582	1,307	3,028	2,597
Interest income	(5,907)	(6,955)	(11,700)	(32,567)
Finance cost	4,408	15,470	9,446	28,084
Gain on disposal of other investments	-	-	-	(166)
Property, plant and equipment written off	142	-	318	20
Gain on disposal of property, plant and equipment	-	(626)	-	(643)
Gain on disposal of subsidiary	-	(29)	-	(29)
Net change in fair value on other investments	-	293	298	782
Impairment loss on other investments	-	-	3,222	-
Impairment loss on trade receivables and contract assets	(909)	-	1,986	-
Share of profit of joint ventures (net of tax)	-	(10,169)	-	(10,170)
Effects of exchange rate changes	(6,012)	(15,398)	1,765	(4,545)
	38,680	(15,729)	87,860	14,602
<b>Change in working capital:</b>				
Development properties	(117,000)	194,093	(96,934)	(129,766)
Inventories	(2,191)	3,930	(5,324)	294
Trade and other receivables	191,540	132,123	(92,681)	250,157
Contract liability	247,621	461,103	328,126	518,904
Trade and other payables	(83,290)	(194,897)	(74,931)	11,371
<b>Cash flows generated from operations</b>	275,360	580,623	146,116	665,562
Income tax paid	(38,307)	(92,845)	(108,830)	(106,068)
<b>Net cash flows generated from operating activities</b>	237,053	487,778	37,286	559,494
<b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	124	(1,311)	(1,282)	(2,074)
Proceeds from disposal of property, plant and equipment	-	1,823	-	1,852
Interest received	7,841	29,685	15,521	32,785
Acquisition of intangible assets	(370)	(277)	(1,410)	(574)
Purchase of other investments	-	-	-	(7,908)
Proceed from disposal of other investment	-	-	3,000	6,012
Repayment from joint venture partner	71,473	-	71,473	-
<b>Net cash flows generated from investing activities</b>	79,068	29,920	87,302	30,093
<b>Cash flows from financing activities:</b>				
Amount due to non-controlling interests (non-trade)	(74,400)	-	(67,167)	-
Increase in restricted cash	45,781	14,232	(172,453)	3,852
Repayment of finance leases obligations	(73)	(17)	(101)	(49)
Interest paid	(8,726)	(74,083)	(43,492)	(129,146)
Repayment of loans and borrowings	(151,753)	(1,346,489)	(344,400)	(1,734,092)
Proceeds from loans and borrowings	288,948	943,788	575,705	1,072,228
<b>Net cash flows generated from/(used in) financing activities</b>	99,777	(462,569)	(51,908)	(787,207)
Net increase/(decrease) in cash and cash equivalents	415,898	55,129	72,680	(197,620)
Cash and cash equivalents at the beginning of financial period	310,370	543,619	654,052	795,829
Effects of exchange rate fluctuations on cash held	132	(3)	(332)	536
<b>Cash and cash equivalents in cash flow statement</b>	726,400	598,745	726,400	598,745
<b>Additional information:</b>				
Cash and cash equivalents	1,049,332	886,676	1,049,332	886,676
Less: restricted cash	(318,599)	(283,498)	(318,599)	(283,498)
Less: Bank overdraft	(4,333)	(4,433)	(4,333)	(4,433)
Total cash and cash equivalents in cash flow statement	726,400	598,745	726,400	598,745

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP	<-----Attributable to owners of the Company----->						Non-controlling interests	Total equity	
	Share capital	Merger reserve	Capital reserves	Foreign currency translation reserve	Statutory reserve	Retained earnings			Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2018, as previously stated	359,700	(59,669)	(550)	(17,205)	98,826	935,461	1,316,563	200,628	1,517,191
Impact of change in accounting policy	-	-	-	-	-	4,732	4,732	(135)	4,597
At 1 January 2018, as restated	359,700	(59,669)	(550)	(17,205)	98,826	940,193	1,321,295	200,493	1,521,788
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	7,053	7,053	406	7,459
<b>Other comprehensive income</b>									
Foreign currency translation differences – foreign operations	-	-	-	3,401	-	-	3,401	-	3,401
Total other comprehensive income	-	-	-	3,401	-	-	3,401	-	3,401
<b>Total comprehensive income for the period</b>									
	-	-	-	3,401	-	7,053	10,454	406	10,860
<b>Contributions by and distributions to owners</b>									
Transfer to statutory reserves	-	-	-	-	2,186	(2,186)	-	-	-
<b>Total contributions by and distributions to owners</b>									
	-	-	-	-	2,186	(2,186)	-	-	-
<b>Total transactions with owners</b>									
	-	-	-	-	2,186	(2,186)	-	-	-
At 31 March 2018	359,700	(59,669)	(550)	(13,804)	101,012	945,060	1,331,749	200,899	1,532,648

GROUP	<-----Attributable to owners of the Company----->						Total	Non-controlling interests	Total equity
	Share capital	Merger reserve	Capital reserves	Foreign currency translation reserve	Statutory reserve	Retained earnings			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2018	359,700	(59,669)	(550)	(13,804)	101,012	945,060	1,331,749	200,899	1,532,648
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	20,138	20,138	1,591	21,729
<b>Other comprehensive income</b>									
Foreign currency translation differences – foreign operations	-	-	-	1,071	-	-	1,071	-	1,071
Total other comprehensive income	-	-	-	1,071	-	-	1,071	-	1,071
Total comprehensive income for the period	-	-	-	1,071	-	20,138	21,209	1,591	22,800
<b>Contributions by and distributions to owners</b>									
Transfer to statutory reserves	-	-	-	-	3,295	(3,295)	-	-	-
<b>Total contributions by and distributions to owners</b>	-	-	-	-	3,295	(3,295)	-	-	-
<b>Total transactions with owners</b>	-	-	-	-	3,295	(3,295)	-	-	-
At 30 June 2018	359,700	(59,669)	(550)	(12,733)	104,307	961,903	1,352,958	202,490	1,555,448

GROUP	<-----Attributable to owners of the Company----->						Non-		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	controlling interests RMB'000	
At 1 January 2017, as previously stated	359,700	(59,669)	(550)	(16,264)	91,000	827,126	1,201,343	177,822	1,379,165
Impact of change in accounting policy	-	-	-	-	-	1,761	1,761	-	1,761
At 1 January 2017, as restated	359,700	(59,669)	(550)	(16,264)	91,000	828,887	1,203,104	177,822	1,380,926
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	1,209	1,209	7,088	8,297
<b>Other comprehensive income</b>									
Foreign currency translation differences – foreign operations	-	-	-	5,646	-	-	5,646	-	5,646
Total other comprehensive income	-	-	-	5,646	-	-	5,646	-	5,646
Total comprehensive income for the period	-	-	-	5,646	-	1,209	6,855	7,088	13,943
<b>Contributions by and distributions to owners</b>									
Transfer to statutory reserves	-	-	-	-	1,986	(1,986)	-	-	-
<b>Total contributions by and distributions to owners</b>	-	-	-	-	1,986	(1,986)	-	-	-
<b>Total transactions with owners</b>	-	-	-	-	1,986	(1,986)	-	-	-
At 31 March 2017	359,700	(59,669)	(550)	(10,618)	92,986	828,110	1,209,959	184,910	1,394,869



GROUP	<-----Attributable to owners of the Company----->						Total	Non-controlling interests	Total equity
	Share capital	Merger reserve	Capital reserves	Foreign currency translation reserve	Statutory reserve	Retained earnings			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2017, as previously stated	359,700	(59,669)	(550)	(10,618)	92,986	828,110	1,209,959	184,910	1,394,869
Impact of change in accounting policy	-	-	-	-	-	109	109	-	109
At 1 April 2017, as restated	359,700	(59,669)	(550)	(10,618)	92,986	828,219	1,210,068	184,910	1,394,978
<b>Total comprehensive income for the period</b>									
Loss for the period	-	-	-	-	-	(15,158)	(15,158)	631	(14,527)
<b>Other comprehensive loss</b>									
Foreign currency translation differences – foreign operations	-	-	-	(9,613)	-	-	(9,613)	-	(9,613)
Total other comprehensive loss	-	-	-	(9,613)	-	-	(9,613)	-	(9,613)
Total comprehensive income for the period	-	-	-	(9,613)	-	(15,158)	(24,771)	631	(24,140)
<b>Contributions by and distributions to owners</b>									
Transfer to statutory reserves	-	-	-	-	1,435	(1,435)	-	-	-
<b>Total contributions by and distributions to owners</b>	-	-	-	-	1,435	(1,435)	-	-	-
<b>Total transactions with owners</b>	-	-	-	-	1,435	(1,435)	-	-	-
At 30 June 2017	359,700	(59,669)	(550)	(20,231)	94,421	811,626	1,185,297	185,541	1,370,838

Company	<-----Attributable to owners of the Company----->				
	Share capital	Accumulated losses	Foreign currency translation reserve	Employee share option reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance as at 1 January 2017</b>	1,737,554	(96,631)	6,915	582	1,648,420
<b>Total comprehensive loss for the period</b>					
Loss for the period	-	(1,889)	-	-	(1,889)
<b>Other comprehensive loss</b>					
Foreign currency translation differences – foreign operations	-	-	(335)	-	(335)
Total other comprehensive loss	-	-	(335)	-	(335)
Total comprehensive loss	-	(1,889)	(335)	-	(2,224)
<b>Balance as at 31 March 2017</b>	1,737,554	(98,520)	6,580	582	1,646,196
<b>Total comprehensive loss for the period</b>					
Loss for the period	-	(2,344)	-	-	(2,344)
<b>Other comprehensive income</b>					
Foreign currency translation differences – foreign operations	-	-	21	-	21
Total other comprehensive income	-	-	21	-	21
Total comprehensive loss	-	(2,344)	21	-	(2,323)
<b>Balance as at 30 June 2017</b>	1,737,554	(100,864)	6,601	582	1,643,873

Company	<-----Attributable to owners of the Company----->				
	Share capital	Accumulated losses	Foreign currency translation reserve	Employee share option reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance as at 1 January 2018</b>	1,737,554	(108,385)	6,899	582	1,636,650
<b>Total comprehensive loss for the period</b>					
Loss for the period	-	(3,917)	-	-	(3,917)
<b>Other comprehensive income</b>					
Foreign currency translation differences – foreign operations	-	-	545	-	545
Total other comprehensive income	-	-	545	-	545
Total comprehensive (loss)/income	-	(3,917)	545	-	(3,372)
<b>Balance as at 31 March 2018</b>	1,737,554	(112,302)	7,444	582	1,633,278
<b>Total comprehensive profit for the period</b>					
Profit for the period	-	44,818	-	-	44,818
<b>Other comprehensive loss</b>					
Foreign currency translation differences – foreign operations	-	-	(6,321)	-	(6,321)
Total other comprehensive loss	-	-	(6,321)	-	(6,321)
Total comprehensive income/(loss)	-	44,818	(6,321)	-	38,497
<b>Balance as at 30 June 2018</b>	1,737,554	(67,484)	1,123	582	1,671,775

## 1. General information

Weiye Holdings Limited is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 100H Pasir Panjang Road, #01-01, OC@Pasir Panjang, Singapore 118524. The Company's shares have been listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") since 16 August 2011 and 6 April 2016, respectively.

The consolidated financial statements of the Group as at and for the 6 months ended 30 June 2018 comprise of the Company and its subsidiaries.

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

## 2. Basis of preparation and principal accounting policies

The consolidated financial statements have been prepared on historical cost basis.

In December 2017, the Accounting Standards Council (ASC) issued the SFRS(I) which comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, are required to apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group adopted SFRS(I) on 1 January 2018 and the first set of SFRS(I) annual financial statements is for the financial year ending 31 December 2018 (first SFRS(I) annual financial statements). Previously, the Group reported its financial statements using the Financial Reporting Standards in Singapore (FRS).

The consolidated financial statements are for part of the reporting period covered by the first SFRS(I) annual financial statements. The Group will prepare its first SFRS(I) annual financial statements by applying the SFRS(I)s that are effective on 1 January 2018. Any subsequent changes to SFRS(I)s that become effective after 30 June 2018 and are adopted by the Group for its first SFRS(I) annual financial statements could result in revisions to the Group's accounting policies and the condensed consolidated financial statements disclosed therein.

The Group has applied the requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* to prepare the consolidated financial statements included in this announcement with 1 January 2017 as the date of transition.

In addition to the application of SFRS(I) 1, the Group concurrently adopted the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s (collectively "new accounting standards") which are mandatorily effective for the financial year ending 31 December 2018.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes the clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *Insurance Contracts – Applying IFRS 9 Financial Instruments* with IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;

- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and Measurement of Share-based Payment Transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of Investment Property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of SFRS(I) 1 and the adoption of the above new accounting standards did not result in any significant impact to the comparative information for this reporting quarter, except as described below.

#### ***SFRS(I) 15 Revenue from Contracts with Customers***

The Group adopted SFRS(I) 15 using the retrospective approach. As a result, the Group applied all of the requirements of SFRS(I) 15 retrospectively, except for the practical expedient described below, and the comparative information presented is restated.

The Group did not use the practical expedient for completed contracts whereby completed contracts that began and ended within the same annual reporting period, as well as completed contracts at the beginning of the earliest period presented, were not restated.

#### ***Presentation of contract assets and liabilities***

Under SFRS(I) 15, for each revenue contract entered into, the Group presents contract assets or contract liabilities in its statement of financial position when the Group has performed the transfer of goods/services to the customer and has established the right to payment for the transfer (contract asset), or the customer had paid a consideration in advance of the transfer of goods/services to the Group (contract liability). As a result of the adoption of SFRS(I) 15, the Group reclassified RMB 774,136,000 from trade and other receivables to contract asset and RMB 1,230,131,000 from trade and other payables to contract liability.

#### ***Sales commissions***

The Group previously recognised sales commission expenses paid to sales agents for securing property sales contracts for the Group as an expense when incurred. Under SFRS(I) 15, the Group capitalises such incremental costs as a contract cost asset as they are recoverable. The capitalised costs are amortised consistently with the pattern of revenue for the related property sales contract. Development properties increased by RMB 10,020,000 as at 31 December 2017, and selling and distribution expenses decreased by RMB 2,494,000 for the six months period ended 30 June 2017. Deferred tax liabilities increase by RMB 2,505,000 as at 31 December 2017 and tax expenses increase by RMB 624,000 for the six months period ended 30 June 2017.

#### ***Significant financing component***

The Group receives payments from customers for the sale of commercial and residential property units and construction of resettlement houses. Under certain payment schemes, the time when payments are made by the buyer and the transfer of control of the property to the buyer do not

coincide and where the difference between the timing of receipt of the payments and the transfer of goods and services is 12 months or more, there may exist a significant financing component arising from payments made by the buyers.

The Group used the practical expedient that allows the Group to not adjust the promised amount of consideration for the effects of a significant financing component, where the Group expects, at contract inception, that the period between the expected transfer of the development property units and the timing of the pre-sale receipts is one year or less. In estimating the expected timing of transfer of the development property units to the buyers, the Group considered the plans for the respective development property projects, including the stage of construction of the property units and planned timing of property handover to the buyers. Based on management's assessment, the period between the expected transfer of the development property units and the timing of pre-sale receipts for its development property projects is less than 12 months.

### ***SFRS(I) 9 Financial Instruments***

The Group elected to adopt the optional exemption in SFRS(I) 1 allowing it not to restate comparative information in its first SFRS(I) annual financial statements arising from the adoption of SFRS(I) 9 (i.e. comparative information applies FRS 39 Financial Instruments: Measurement and Recognition). Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 were recognised in retained earnings and reserves as at 1 January 2018. The comparative information in this Condensed Consolidated Interim Financial Information is not restated to comply with SFRS(I) 9 and is prepared in accordance with FRS 39.

### ***Impairment***

The Group previously recognised an impairment loss on trade and other receivables when there was objective evidence of impairment. Under SFRS(I) 9, loss allowances are measured using the expected credit loss model on either of the following bases:

- 12-month expected credit losses (ECLs). These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group applied the simplified approach and recorded lifetime ECL on all trade and other receivables and contract assets arising from the application of SFRS(I) 15. Upon adoption of SFRS(I) 9, impairment loss of the Group's contract assets and trade and other receivables increased by RMB 3,263,000 as at 1 January 2018. The Group recorded a reduction in deferred tax liabilities of RMB 785,000 as at 1 January 2018.

### **Financial effect on adoption of SFRS(I) and the new accounting standards**

The following reconciliations show the adjustments to the financial position of the Group and the financial performance and cash flows of the Group previously reported under FRS. There are no significant differences between the statement of cash flows reported under SFRS(I) and the statement of cash flows previously reported under FRS.

## Consolidated statement of financial position

	31 December 2017				
	Current framework RMB'000	SFRS(I) 15 RMB'000	SFRS(I) framework RMB'000	SFRS(I) 9 RMB'000	SFRS(I) framework RMB'000
<b>Assets</b>					
Property, plant and equipment	55,379	-	55,379	-	55,379
Intangible assets	3,726	-	3,726	-	3,726
Investment properties	473,200	-	473,200	-	473,200
Joint ventures	403,144	-	403,144	-	403,144
Trade and other receivables	227,860	-	227,860	-	227,860
Deferred tax assets	10,471	-	10,471	-	10,471
<b>Non-current assets</b>	<b>1,173,780</b>	<b>-</b>	<b>1,173,780</b>	<b>-</b>	<b>1,173,780</b>
Inventories	17,629	-	17,629	-	17,629
Development properties	2,646,148	10,020	2,656,168	-	2,656,168
Contract assets	-	774,136	774,136	(2,276)	771,860
Trade and other receivables	1,480,257	(774,136)	706,121	(987)	705,134
Other investments	6,520	-	6,520	-	6,520
Prepaid tax	141,091	-	141,091	-	141,091
Cash and cash equivalents	803,904	-	803,904	-	803,904
<b>Current assets</b>	<b>5,095,549</b>	<b>10,020</b>	<b>5,105,569</b>	<b>(3,263)</b>	<b>5,102,306</b>
<b>Total assets</b>	<b>6,269,329</b>	<b>10,020</b>	<b>6,279,349</b>	<b>(3,263)</b>	<b>6,276,086</b>
<b>Equity</b>					
Share capital	359,700	-	359,700	-	359,700
Reserves	956,863	7,515	964,378	(2,343)	962,035
Non-controlling interests	200,628	-	200,628	(135)	200,493
<b>Total equity</b>	<b>1,517,191</b>	<b>7,515</b>	<b>1,524,706</b>	<b>(2,478)</b>	<b>1,522,228</b>
<b>Liabilities</b>					
Loans and borrowings	878,325	-	878,325	-	878,325
Deferred tax liabilities	255,554	2,505	258,059	(785)	257,274
<b>Non-current liabilities</b>	<b>1,133,879</b>	<b>2,505</b>	<b>1,136,384</b>	<b>(785)</b>	<b>1,135,599</b>
Loans and borrowings	1,117,155	-	1,117,155	-	1,117,155
Contract liabilities	-	1,230,131	1,230,131	-	1,230,131
Trade and other payables	2,306,315	(1,230,131)	1,076,184	-	1,076,184
Income tax payable	194,789	-	194,789	-	194,789
<b>Current liabilities</b>	<b>3,618,259</b>	<b>-</b>	<b>3,618,259</b>	<b>-</b>	<b>3,618,259</b>
<b>Total liabilities</b>	<b>4,752,138</b>	<b>2,505</b>	<b>4,754,643</b>	<b>(785)</b>	<b>4,753,858</b>
<b>Total equity and liabilities</b>	<b>6,269,329</b>	<b>10,020</b>	<b>6,279,349</b>	<b>(3,263)</b>	<b>6,276,086</b>

## Consolidated statement of comprehensive income

	<u>Six month period ended 30 June 2017</u>		
	Current framework RMB'000	SFRS(I) 15 RMB'000	SFRS(I) framework RMB'000
Revenue	603,290	-	603,290
Cost of sales	(499,720)	(7,272)	(506,992)
<b>Gross profit</b>	103,570	(7,272)	96,298
Other income	3,150	-	3,150
Selling and distribution expenses	(25,161)	9,766	(15,395)
Administrative expenses	(67,359)	-	(67,359)
Other operating expenses	(657)	-	(657)
<b>Results from operating activities</b>	13,543	2,494	16,037
Net finance income	4,483	-	4,483
Share of profit of joint ventures (net of tax)	10,170	-	10,170
<b>Profit before tax</b>	28,196	2,494	30,690
Tax expense	(34,426)	(624)	(35,050)
<b>Loss for the period</b>	(6,230)	1,870	(4,360)
<b>Loss attributable to:</b>			
Owners of the Company	(13,949)	1,870	(12,079)
Non-controlling interests	7,719	-	7,719
<b>Loss for the period</b>	(6,230)	1,870	(4,360)
<b>Other comprehensive loss</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences for foreign operations	(3,967)	-	(3,967)
<b>Total other comprehensive loss for the period, net of tax</b>	(3,967)	-	(3,967)
<b>Total comprehensive loss for the period</b>	(10,197)	1,870	(8,327)
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company	(17,916)	1,870	(16,046)
Non-controlling interests	7,719	-	7,719
<b>Total comprehensive loss for the period</b>	(10,197)	1,870	(8,327)
<b>Earnings per share:</b>			
Basic earnings per share (cents)	(7.11)		(6.16)
Diluted earnings per share (cents)	(7.11)		(6.16)

## Consolidated statement of comprehensive income

	<b><u>Year ended 31 December 2017</u></b>		
	<b>Current framework RMB'000</b>	<b>SFRS(I) 15 RMB'000</b>	<b>SFRS(I) framework RMB'000</b>
Revenue	1,748,042	-	1,748,042
Cost of sales	(1,508,563)	-	(1,508,563)
<b>Gross profit</b>	<b>239,479</b>	<b>-</b>	<b>239,479</b>
Other income	71,637	-	71,637
Selling and distribution expenses	(62,833)	10,020	(52,813)
Administrative expenses	(139,991)	-	(139,991)
Other operating expenses	(10,442)	-	(10,442)
<b>Results from operating activities</b>	<b>97,850</b>	<b>10,020</b>	<b>107,870</b>
Net finance income	6,215	-	6,215
Share of profit of joint ventures (net of tax)	114,462	-	114,462
<b>Profit before tax</b>	<b>218,527</b>	<b>10,020</b>	<b>228,547</b>
Tax expense	(91,560)	(2,505)	(35,050)
<b>Profit for the year</b>	<b>126,967</b>	<b>7,515</b>	<b>193,497</b>
<b>Profit attributable to:</b>			
Owners of the Company	116,161	7,515	123,676
Non-controlling interests	10,806	-	10,806
<b>Profit for the year</b>	<b>126,967</b>	<b>7,515</b>	<b>134,482</b>
<b>Other comprehensive loss</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences for foreign operations	(941)	-	(941)
<b>Total other comprehensive loss for the year, net of tax</b>	<b>(941)</b>	<b>-</b>	<b>(941)</b>
<b>Total comprehensive income for the year</b>	<b>126,026</b>	<b>7,515</b>	<b>133,541</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	115,220	7,515	122,735
Non-controlling interests	10,806	-	10,806
<b>Total comprehensive income for the period</b>	<b>126,026</b>	<b>7,515</b>	<b>133,541</b>
<b>Earnings per share:</b>			
Basic earnings per share (cents)	59.23		63.06
Diluted earnings per share (cents)	59.23		63.06



Except as described above, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 31 December 2017.

The Company's functional currency is the Singapore dollar. As the Group's operations are principally conducted in the PRC, the consolidated financial statements have been presented in the Chinese Renminbi ("RMB"). All financial information presented in RMB has been rounded to the nearest thousand (RMB'000), unless otherwise stated.

The condensed consolidated financial statements is unaudited and not reviewed by the auditors, but has been reviewed by the Audit Committee of the Company.

### 3. Segment information

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

*I. Development properties*

Development properties refer to the development and sales of both commercial and residential property units in PRC.

*II. Housing construction*

Housing construction refers to the construction of resettlement houses in Zhengzhou city, Henan Province, PRC.

*III. Clean room equipment, heat ventilation and air-conditioning products, and air purifiers ("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 purifiers (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 purifier, 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.

The Group's Executive Chairman 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 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.

#### Reconciliations of reportable revenues, profit or loss, assets and liabilities

<b>Unaudited Six Months Ended 30 June 2018</b>						
	<b>Development Properties</b>		<b>Equipment Manufacturing</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
		(Restated)		(Restated)		(Restated)
Revenue from external customers	388,076	569,362	27,049	33,928	415,125	603,290
Segments results	85,811	19,610	(8,911)	(3,573)	76,900	16,037
Finance income	11,700	31,941	-	626	11,700	32,567
Finance costs	(6,010)	(27,478)	(3,435)	(606)	(9,445)	(28,084)
Profit before income tax					79,155	20,520
Taxation					(49,967)	(35,050)
Share of profit/(loss) of equity-accounted investees					-	10,170
Non controlling interests					(1,997)	(7,719)
Profit attributable to owners of the Group					27,191	(12,079)
Segment assets	6,598,903	5,883,103	121,127	103,407	6,720,030	5,986,510
Segment liabilities	2,972,147	2,152,823	(32,703)	35,092	2,939,444	2,187,915
Loans and borrowings	2,001,200	2,422,733	223,938	5,024	2,225,138	2,427,757
Total liabilities					5,164,582	4,615,672
<b>Other segment information</b>						
Depreciation of property, plant and equipment	1,880	1,904	1,148	693	3,028	2,597
Amortisation of intangible assets	79	44	263	505	342	549

#### 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 as at and for the six months period ended 30 June 2018 and 30 June 2017.

<b><u>Geographical segments</u></b>	<b>PRC</b>	<b>Singapore</b>	<b>Other Countries</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>30 June 2018</b>				
Revenue	391,836	23,289	-	415,125
Non current assets	1,076,569	2,136	18,383	1,097,088
<b>30 June 2017</b>				
Revenue	540,711	14,265	48,314	603,290
Non current assets	1,029,075	17,264	18,608	1,064,947

#### 4. Other income

	<b>GROUP</b>	
	<b>1H2018 RMB'000</b>	<b>1H2017 RMB'000</b>
Rental income	2,498	1,697
Gain on disposal of quoted equity investment	-	166
Gain on disposal of property, plant and equipment	32	643
Gain on disposal of subsidiary	-	29
Others	200	615
	<u>2,730</u>	<u>3,150</u>

#### 5. Finance income/costs, net

	<b>GROUP</b>			<b>GROUP</b>		
	<b>2Q2018 RMB'000</b>	<b>2Q2017 RMB'000</b>	<b>% change + / (-)</b>	<b>1H2018 RMB'000</b>	<b>1H2017 RMB'000</b>	<b>% change + / (-)</b>
Finance expense	(4,407)	(15,816)	-72%	(9,445)	(28,083)	-66%
Finance income	5,907	7,301	-19%	11,700	32,566	-64%
Net finance income	<u>1,500</u>	<u>(8,515)</u>		<u>2,255</u>	<u>4,483</u>	

## 6. Taxation

	GROUP	
	1H2018	1H2017
	RMB'000	RMB'000
<b>Current tax expense</b>		
- Current period	(35,128)	(19,626)
	<u>(35,128)</u>	<u>(19,626)</u>
<b>Deferred tax expense</b>		
- Origination and reversal of temporary differences	(425)	(987)
- Withholding tax on the profits of the Group's PRC subsidiaries	(8,754)	(4,892)
	<u>(9,179)</u>	<u>(5,879)</u>
<b>Land appreciation tax expense</b>		
- Land appreciation tax	(5,660)	(9,545)
	<u>(5,660)</u>	<u>(9,545)</u>
<b>Taxation</b>	<u>(49,967)</u>	<u>(35,050)</u>

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 a 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.

## 7. Profit/(Loss) for the period

Profit/(Loss) for the period has been arrived at after charging/(crediting) the following:

	GROUP			GROUP		
	2Q2018	2Q2017	% change	1H2018	1H2017	% change
Profit/(loss) before taxation is stated after charging/(crediting):	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Amortisation of intangible assets	172	268	-36%	342	549	-38%
Depreciation of property, plant and equipment	1,582	1,307	21%	3,028	2,597	17%
Interest income	(5,907)	(6,955)	-15%	(11,700)	(32,567)	-64%
Finance costs	4,408	15,470	-72%	9,446	28,084	-66%
Gain on disposal of other investments	-	-	n.m	-	(166)	-100%
Gain on disposal of subsidiary	-	(29)	-100%	-	(29)	-100%
Gain on disposal of property, plant and equipment	-	(626)	-100%	-	(643)	-100%
Property, plant and equipment written off	142	-	100%	318	20	100%
Net change in fair value on other investments	-	293	-100%	298	782	-62%
Impairment loss on other investments	-	-	n.m	3,222	-	100%
Impairment loss on trade receivables and contract assets	(909)	-	100%	1,986	-	100%

Note:

n.m: Not meaningful

## 8. Property, plant and equipment

During the period, the Group spent approximately RMB1.3 million (1H2017: RMB2.1 million) on the acquisition of property, plant and equipment.

## 9. Trade and other receivables

Trade receivables of the Group are non-interest bearing and are normally settled on 30 to 180 days (2017: 30 to 180 days). They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

### **Impairment loss**

The ageing of trade receivables at the reporting date is as follows:

	Gross 30 June 2018 RMB'000	Impairment losses 30 June 2018 RMB'000	Gross 31 December 2017 RMB'000	Impairment losses 31 December 2017 RMB'000
<b>Group</b>				
Neither past due nor impaired	32,158	-	76,231	-
Past due 1 – 30 days	6,028	-	4,904	-
Past due 31 – 60 days	2,328	-	1,467	-
Past due 61 – 90 days	1,287	-	1,715	-
Past due more than 90 days	10,799	(782)	18,946	(904)
	52,600	(782)	103,263	(904)

*Trade receivables that are not past due and not impaired*

As at 30 June 2018, included in the trade receivables attributed to the Group's development property operations are amounts of RMB 14,313,000 and RMB 24,231,000 (2017: RMB 14,140,000 and RMB 17,982,000) arising from instalment sales and sales pending release of financing by banks, respectively, that were not past due and not impaired.

The trade receivables arising from instalment sales are due between periods ranging from three months to twelve months from the reporting date.

*Trade receivables that are past due but not impaired*

As at 30 June 2018, the Group had trade receivables amounting to RMB 19,660,000 (2017: RMB 26,128,000) that were past due but not impaired. Included in these trade receivables are amounts of RMB 12,345,000 and RMB 7,315,000 (2017: RMB 19,808,000 and RMB 6,320,000) attributed primarily to the clean room and air diffusion products operations, and development properties operations, respectively.

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties and/or have defaulted in payments. These receivables are not secured by any collateral or credit enhancements. Management had also performed a collective impairment assessment and concluded that there is no significant risk of impairment on a collective basis. On this basis, Management believes that no additional allowance for impairment of doubtful debts in respect of trade receivables is required.

## 10. 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 is as follows:

	30 June 2018 RMB'000	30 June 2017 RMB'000
Not past due	241,856	433,812
Past due 1 – 30 days	745	2,103
Past due 31 – 60 days	1,813	5,524
Past due 61 – 90 days	108,887	103
Past due more than 90 days	26,925	35,033
	<u>380,226</u>	<u>476,575</u>

## 11. Share capital

Issued and fully paid:

**As at 1 January and 30 June 2018**

Group	Company	
Share Capital RMB'000	No of shares issued	Share Capital RMB'000
359,700	196,133,152	1,737,554

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares 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.

## 12. Loans and borrowings

### Amount repayable in one year or less, or on demand

As at 30 June 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
RMB '000	RMB '000	RMB '000	RMB '000
1,498,224	229	1,117,101	54

### Amount repayable after one year

As at 30 June 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
RMB '000	RMB '000	RMB '000	RMB '000
726,193	492	878,188	137

### Details of any collateral

The bank borrowings for the Group include banker's acceptance, finance lease liabilities, bank overdrafts and bank loans of its subsidiaries. The bank borrowings, excluding finance lease liabilities, are secured by:

- (i) Legal mortgage of the assets of subsidiaries, property development units and investment properties;
- (ii) Legal mortgage of the property, plant and equipment;
- (iii) Corporate guarantee from the Company; and
- (iv) Guarantee from third party.

## 13. Dividend

The Board did not declare or recommend interim dividend for the six months ended 30 June 2018 (2017: S\$ nil).

#### 14. Earnings per share

	GROUP		GROUP	
	2nd Quarter ended		6 Months ended	
	30-Jun-18	30-Jun-17 Restated	30-Jun-18	30-Jun-17 Restated
Profit/(Loss) attributable to owners of the Company (RMB'000)	20,138	(15,049)	27,191	(12,079)
Weighted average number of ordinary shares in issue (in thousands)	196,133	196,133	196,133	196,133
Earning per ordinary share:				
(i) Based on weighted average number of ordinary shares in issue (RMB cents)	10.27	(7.67)	13.86	(6.16)
(ii) On a fully diluted basis (RMB cents)	10.27	(7.67)	13.86	(6.16)

Diluted earnings per ordinary share is calculated on the same basis as basic earnings per ordinary share as there were no potential dilutive ordinary shares as at 30 June 2018 and 30 June 2017.

#### 15. 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:

	GROUP		COMPANY	
	30-Jun-18	31-Dec-17 (Restated)	30-Jun-18	31-Dec-17
Net assets attributable to owners of the Company (RMB'000)	1,352,958	1,321,735	1,671,775	1,636,650
Number of ordinary shares (in thousands)	196,133	196,133	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)	6.90	6.74	8.52	8.34



## 16. Capital commitment

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

	<b>Group</b>	
	<b>30 June 2018</b>	<b>31 December 2017</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Development expenditures authorised and contracted for	870,130	1,296,122

## 17. Contingent liabilities

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

	<b>Group</b>	
	<b>30 June 2018</b>	<b>31 December 2017</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Guarantees given to banks in connection with banking facilities granted to third parties	1,074,268	710,710

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.

In the opinion of the directors, the probability of an outflow of economic benefits arising from the outstanding financial guarantees is low. The directors assessed that the probability of default by the purchasers of the property unit is remote.

## 18. Gearing ratio

	Group 30 June 2018 RMB'000	31 December 2017 RMB'000 (Restated)
Loans and borrowings	2,225,138	1,995,480
Less: Cash and cash equivalents	(1,049,332)	(803,904)
Net debt	1,175,806	1,191,576
Equity attributable to owners of the Company	1,352,958	1,321,735
<b>Gearing ratio</b>	87%	90%

## 19. Share options

As at 30 June 2018, Company does not have any employee share option scheme.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

GROUP			GROUP		
2Q2018 RMB'000	2Q2017 RMB'000	% change + / (-)	1H2018 RMB'000	1H2017 RMB'000	% change + / (-)

#### Property Development

Sales	202,502	439,562	-54%	388,076	569,362	-32%
Cost of sales	(116,641)	(404,148)	-71%	(223,870)	(483,949)	-54%
Gross profit	85,861	35,414		164,206	85,413	
Gross Profit Margin	42%	8%		42%	15%	

#### Equipment Manufacturing

Sales	13,416	21,353	-37%	27,049	33,928	-20%
Cost of sales	(8,398)	(15,446)	-46%	(16,877)	(23,043)	-27%
Gross profit	5,018	5,907		10,172	10,885	
Gross Profit Margin	37%	28%		38%	32%	

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

##### Property development business

2Q2018 property development sales decreased by 54% to approximately RMB202.5 million from the same period of last year. The lower sales in this quarter were mainly due by lower total net saleable floor area ("NSFA") handed over to customers of approximately 30,771.3 sqm (2Q2017: 85,942.0 sqm).

1H2018 property development sales was 32% lower as compared to same period of last year mainly due to lower total NSFA handled over to customers during 2Q2018. Overall, total NSFA handled over to customers for 1H2018 was approximately 54,633.3 sqm (1H2017: 103,843.7 sqm).

Revenue from property development sales for 1H2018 was mainly from the following projects, namely Weiye Oxygen Cube A Phase I, II & III, Weiye Shangcheng Yihaoyuan, Weiye Tiandao International and Weiye Central Park Phase III, IV & V, which contributed approximately RMB112.7 million, RMB110.0 million, RMB65.1 million and RMB60.3 million respectively.

The GP margin of property development business for 2Q2018 and 1H2018 was 34% and 27% higher than the same periods of last year respectively mainly due to higher sales of car parking lots from Weiye Shangcheng Yihaoyuan, as well as sale of commercial shop houses from Weiye Central Park Phase IV which has higher average selling price in the quarter under review.

#### Equipment business

The sales of equipment comprised mainly sales of clean room equipment (“CRE”), air purification, grilles & diffuser and marine damper products. Sales in 2Q2018 and 1H2018 was 37% and 20% lower respectively, as compared to the same periods of last year mainly due to unfavourable market conditions that caused a reduction in the sales of CRE, diffuser and damper products in the quarter under review.

The GP margin for equipment business for 2Q2018 and 1H2018 was 9% and 6% higher, respectively, as compared with the same period of last year mainly due to better cost control initiatives adopted by the Group.

#### **Selling and distribution expenses**

The higher selling and distribution expenses for 2Q2018 and 1H2018 was mainly due to the increase in promotional activities for upcoming property development projects namely Weiye Meiyuewan, Weiye Yehai Shangcheng and Taihu Tiancui during the period under review.

#### **Administrative expenses**

Administrative expenses for 2Q2018 and 1H2018 was higher as compared to the same periods of last year mainly due to the expansion of property development business in the Yangtze River Delta region during the period under review.

#### **Other operating expenses**

Other operating expenses for 1H2018 was higher as compared to the same period of last year mainly due to impairment loss on other investment (quoted equity shares) of approximately RMB3.2 million and impairment loss on other receivables and contract assets of approximately RMB2.0 million in 1Q2018.

## Net finance income

	GROUP			GROUP		
	2Q2018	2Q2017	% change	1H2018	1H2017	% change
	RMB'000	RMB'000	+/( -)	RMB'000	RMB'000	+/( -)
Finance expense	(4,407)	(15,816)	-72%	(9,445)	(28,083)	-66%
Finance income	5,907	7,301	-19%	11,700	32,566	-64%
Net finance income/(expense)	1,500	(8,515)		2,255	4,483	

Finance expense for 2Q2018 and 1H2018 was lower as compared to the same periods of last year mainly due to saving in interest cost during the period under review. Finance income for 2Q2018 and 1H2018 was lower as compared to same periods of last year mainly due to interest income charged on cash advance to Henan Meiyuan Co., Ltd ("Henan Meiyuan") in 1H2017. Pursuant to the collaboration agreement with Henan Meiyuan, should the Group fail to successfully bid for the land use rights held by Henan Meiyuan, Henan Meiyuan shall return the cash advance to the Group together with interest accrued thereon. The land bid process for said land use rights was completed in 1Q2017 but the Group did not succeed in the bidding for the land use rights. Therefore, the Group recognised the accrued interest income in 1H2017.

## Taxation

The increase in taxation for 1H2018 was mainly due to higher net profit before tax generated from certain subsidiaries that resulted in higher provision of corporate income tax of approximately RMB14.9 million during the period under review.

## Review of Financial Position

The decrease in the amount due from joint venture partner was mainly due to repayment from the same during the period under review.

The increase in properties held for sale of approximately RMB131.0 million was mainly due to the progressive construction works of Weiye Yehai Shangcheng, Taihu Tiancui, Weiye Meiyue Wan, Weiye Lanting Wan and Weiye Shangcheng Erhaoyuan in the period under review, partially offset by sales of development properties for project Oxygen Cube A Phase I, II & III, Oxygen Cube B, Weiye Tiandao International and Weiye Central Park Phase IV&V.

The increase in trade and other receivables of approximately RMB80.5 million was mainly due to prepayment of construction costs of approximately RMB149.0 million, partly offset by the decrease in receivable from government relation to a resettlement house construction project of approximately RMB60.0 million.

The decrease in other investment was due to the disposal of available for sale financial assets of RMB3.0 million and impairment loss on quoted equity investment of approximately RMB3.2 million in the period under review.

The decrease in trade and other payables of approximately RMB86.3 million was mainly due to repayment of trade payables in the period under review.

The increase in contract liabilities was mainly due to advance receipts from customers for presale of properties such as Weiye Shangcheng Erhaoyuan, Weiye Yehai Shangcheng and Weiye Meiyuewan in the current quarter.

The amount due to joint venture represents cash advances from Daimashi Shiye Co., Ltd which is unsecured and non-interest bearing.

The net increase in loans and borrowings was mainly due to additional loans and borrowings obtained to finance the development of property projects.

### **Cash flow statement**

Cash flows from operating activities before changes in working capital amounted to approximately RMB87.9 million. Cash generated from working capital amounted to approximately RMB58.3 million mainly due to increase in contract liabilities of approximately RMB328.1 million, partly offset by increase in development properties of approximately RM96.9 million, trade and other receivables of approximately RMB92.7 million and decrease in trade and other payables of approximately RMB74.9 million. After changes in working capital and payment for income tax of approximately RMB108.8 million, net cash flow generated from operating activities amounted to approximately RMB37.3 million.

Net cash generated from investing activities amounted to approximately RMB87.3 million mainly due to repayment from joint venture partner of approximately RMB71.5 million, interest received of approximately RMB15.5 million and proceed from disposal of other investments of approximately RMB3.0 million, partly offset by expenditure on intangible assets of approximately RMB1.4 million and purchase of property, plant and equipment of approximately RMB1.3 million.

Net cash used in financing activities amounted to approximately RMB51.9 million mainly due to repayment of bank borrowings of approximately RMB344.4 million, increase in restricted cash of approximately RMB172.5 million, decrease in amount due to non-controlling interests of approximately RMB67.2 million and interest payment of approximately RMB43.5 million, partly offset by proceeds from bank borrowings of approximately RMB575.7 million.

### **PROSPECTS (A COMMENTARY AT THE DATE OF THE ANNOUNCEMENT OF THE SIGNIFICANT TRENDS AND COMPETITIVE CONDITIONS OF THE INDUSTRY IN WHICH THE GROUP OPERATES AND ANY KNOWN FACTORS OR EVENTS THAT MAY AFFECT THE GROUP IN THE NEXT REPORTING PERIOD AND THE NEXT 12 MONTHS)**

China recorded a 6.8% year-on-year (“y-o-y”) gross domestic product (“GDP”) growth in first half of year 2018. The economy achieved a real domestic disposable income growth of 8.7% y-o-y (excluding price factor the increase was 6.6%), with an increase in total investments in its property market by 9.7% y-o-y. Overall, China’s national economy continues to maintain a steady development momentum in the first half of year 2018.

Henan province, being the Group’s primary market, recorded a GDP growth of 7.8% in the first half of year 2018, being 1.0% higher than national level. Its total real estate investment grew 5.6% y-o-y, in which investment in residential houses increased by 15.8% and sales in commercial houses increased by 24.8%. Meanwhile, Hainan province, another region where the Group operates, recorded a GDP growth of 5.8% y-o-y in first half of year 2018, but its total real estate investment decreased by 1.6% y-o-y. Guangdong province Shenzhen city, another rapid growing region where the Group operates, reported a GDP growth of 7.0% y-o-y in first half of year 2018, which was 0.2% higher than the national average. Huzhou city in Yangtze River Delta, a new region where the Group just entered late last year, reported a GDP growth of 8.5% y-o-y in first half of year 2018. While majority of provinces demonstrating higher than National GDP growth, all of the three provinces have continued to experience slowdowns in certain economic indices, which is in line with the Chinese government’s

effort in stabilizing the property market. The existing property control measures are not expected to be lifted in the short run, with more suppressing mechanisms possibly to be introduced countrywide. Therefore, the group believes that its property development business will face more challenges in the next 12 months.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2018, there were 415 (2017: 433) employees in the Group. Total employee benefits expenses of the Group (including Directors' fee) for six months period ended 30 June 2018 were approximately RMB39.2 million (1H2017: RMB38.6 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 Group's results of operations.

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

There was no purchase, redemption or sale of listed securities of the Company in the six months ended 30 June 2018.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

Save as disclosed in this announcement, there was no material acquisition and disposal of subsidiaries by the Group during the six months ended 30 June 2018.

## **REVIEW BY AUDIT COMMITTEE**

The Audit Committee of the Company comprises three independent non-executive directors as at the date of this statement, who are:

Ong Kian Guan (Chairman)  
Oh Eng Bin  
Siu Man Ho Simon

The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2018.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODES**

The Group has applied the principles and the extent of compliance with the guidelines as set out in the Singapore Code of Corporate Governance 2012 (the "**Code**") and the applicable code provisions of the Corporate Governance Code (the "**HK CG Code**") as set out in Appendix 14 to the Rules (the "**Hong Kong Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**") to provide the structure through which the objectives of protection of shareholders' interest and enhancement of long term shareholders' value are met. In the event of any conflict between the Code and the HK CG Code, the Group will comply with the more onerous provisions. Throughout the six months ended 30 June 2018, the Group has complied with the Code and the HK CG Code, except those appropriately justified and disclosed.

## **COMPLIANCE WITH LISTING MANUAL AND HONG KONG MODEL CODE**

In compliance with Rules 1207(19) of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Hong Kong Listing Rules, the Company has adopted its own internal compliance code pursuant to the SGX-ST’s and the Model Code’s best practices on dealings in securities and these are applicable to all its Officers in relation to their dealings in the Company’s securities. In furtherance, specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2018.

The Company and its Officers are not allowed to deal in the Company’s shares during the period commencing 30 days immediately before the announcement of the Company’s quarterly results and 60 days immediately before the announcement of the Company’s full year results, and ending on the date of the announcement of the relevant results.

The Directors, Management and executives of the Group are also expected to observe relevant insider trading laws at all times, even when dealing in securities within permitted trading period or they are in possession of unpublished price-sensitive information of the Company and they are not to deal in the Company’s securities on short-term considerations.

## **AUDIT OR REVIEW OF THE FINANCIAL RESULTS**

The results have not been audited or reviewed by the auditors of the Company.

## **PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED, THE COMPANY AND SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (the “**HKEx**”) at [www.hkexnews.hk](http://www.hkexnews.hk), the website of the Company at [www.weiyeholdings.com](http://www.weiyeholdings.com) and the website of the SGX-ST at [www.sgx.com](http://www.sgx.com). The interim report of the Company for the six months ended 30 June 2018 will be despatched to the Shareholders and published on the respective websites of the HKEx, SGX-ST and the Company in due course.

## **SUPPLEMENTARY INFORMATION**

***1. Where a forecast, or a prospect statement, has been previously disclosed to Shareholders, any variance between it and the actual results***

Not applicable. No prospect statement was previously disclosed in the 1st quarter result announcement for the financial period ended 31 March 2018.

***2. If the Group has obtained a general mandate from Shareholders for interest person transactions (the “IPTs”), the aggregate value of such transactions as required under Rule 920 (1)(a)(ii) of the Listing Manual of SGX-ST. If no IPT mandate has been obtained, a statement to that effect***

No general mandate has been obtained from its Shareholders for IPTs.

**3. *A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on***

As at 30 June 2018, there were no sales, transfers, cancellation and / or use of subsidiary holdings.

**4. *Negative assurance confirmation on interim financial results under Rule 705(5) of the Listing Manual of SGX-ST***

On behalf of the Board, we confirm that, to the best of our knowledge, nothing has come to the attention of the Board which may render the Group's unaudited interim financial results for the six months ended 30 June 2018 to be false or misleading in any material aspect.

**5. *Undertakings from the Directors and Executive Officers pursuant to Rule 720(1) of the Listing Manual of SGX-ST***

On behalf of the Board, we confirm that we have procured all the required undertakings to comply with SGX-ST's listing rules from all the Directors and executive officers of the Company.

On Behalf of the Board of Directors

Zhang Wei  
Executive Chairman and Chief Executive Officer  
13 August 2018

Chen Zhiyong  
Executive Director  
13 August 2018

*As at the date of this announcement, the executive Directors are Zhang Wei and Chen Zhiyong; the non-executive Director is Dong Xincheng; and the independent non-executive Directors are Ong Kian Guan, Oh Eng Bin and Siu Man Ho Simon.*