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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)

**ANNOUNCEMENT OF FULL YEAR FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

The board (the “**Board**”) of directors (the “**Directors**”) of WEIYE HOLDINGS LIMITED (the “**Company**”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2018, together with the comparative figures, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP			
	FY2018	FY2017	% change
Note	RMB'000	RMB'000	+/(–)
	Restated		
Revenue			
- Development properties	1,726,653	1,678,926	3%
- Equipment manufacturing	51,356	69,116	-26%
3	<u>1,778,009</u>	<u>1,748,042</u>	
Cost of sales			
- Development properties	(1,177,401)	(1,472,390)	-20%
- Equipment manufacturing	(34,750)	(47,786)	-27%
	<u>(1,212,151)</u>	<u>(1,520,176)</u>	
Gross profit	<u>565,858</u>	<u>227,866</u>	148%
Other income	4 77,687	71,637	8%
Selling and distribution expenses	(53,459)	(41,200)	30%
Administrative expenses	(164,336)	(139,991)	17%
Other operating expenses	(9,276)	(10,442)	-11%
	<u>416,474</u>	<u>107,870</u>	
Results from operations			
Net finance (costs)/income	5 (17,958)	6,215	-389%
Share of profit of joint venture (net of tax)	-	114,462	-100%
	<u>398,516</u>	<u>228,547</u>	
Profit before tax			
Income tax expenses	6 (238,185)	(94,065)	153%
Profit for the year	7 <u>160,331</u>	<u>134,482</u>	
Profit attributable to:			
Owners of the Company	166,378	123,676	
Non-controlling interests	(6,047)	10,806	
Profit for the year	<u>160,331</u>	<u>134,482</u>	
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	(1,426)	(941)	52%
Other comprehensive loss for the year, net of tax	<u>(1,426)</u>	<u>(941)</u>	
Total comprehensive income for the year	<u>158,905</u>	<u>133,541</u>	
Total comprehensive income attributable to:			
Owners of the Company	164,952	122,735	
Non-controlling interests	(6,047)	10,806	
Total comprehensive income for the year	<u>158,905</u>	<u>133,541</u>	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		GROUP			
		31-Dec-18	31-Dec-17	1-Jan-17	
Note		RMB'000	RMB'000	RMB'000	
		Restated	Restated		
Non-current assets					
	Property, plant and equipment	8	54,535	55,379	57,068
	Joint ventures		403,144	403,144	288,682
	Investment properties		467,059	473,200	483,000
	Trade and other receivables	9	99,160	227,860	217,454
	Intangible assets		676	3,726	3,421
	Deferred tax assets		29,489	10,471	19,233
			1,054,063	1,173,780	1,068,858
Current assets					
	Development properties		3,353,320	2,646,148	2,545,693
	Contract costs		39,357	10,020	-
	Inventories		29,653	17,629	17,238
	Trade and other receivables	9	778,003	706,121	585,530
	Contract assets		766,825	774,136	873,476
	Prepaid tax		57,594	141,091	34,358
	Other investments		12,079	6,520	2,320
	Cash and cash equivalents		832,984	803,904	1,083,179
			5,869,815	5,105,569	5,141,794
Current liabilities					
	Trade and other payables	10	1,587,625	1,134,762	800,402
	Contract liabilities		1,017,136	1,171,553	494,684
	Loans and borrowings	12	1,618,361	1,117,155	1,738,832
	Income tax payable		247,105	194,789	210,422
			4,470,227	3,618,259	3,244,340
Net current assets			1,399,588	1,487,310	1,897,454
Non-current liabilities					
	Loans and borrowings	12	420,196	878,325	1,345,088
	Deferred tax liabilities		284,322	258,059	242,059
			704,518	1,136,384	1,587,147
Net assets			1,749,133	1,524,706	1,379,165
Equity					
	Share capital	11	359,700	359,700	359,700
	Reserves		1,126,987	964,378	841,643
Equity attributable to owners of the Company			1,486,687	1,324,078	1,201,343
	Non-controlling interests		262,446	200,628	177,822
Total equity			1,749,133	1,524,706	1,379,165

CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP	
	FY2018 RMB'000	FY2017 RMB'000
	Restated	
Cash flows from operating activities:		
Profit before taxation	398,516	228,547
Adjustments for:		
Amortisation of intangible assets	763	1,376
Depreciation of property, plant and equipment	5,896	5,428
Interest income	(14,351)	(43,720)
Finance cost	32,309	37,505
Gain on disposal of other investments	(22)	(32)
Property, plant and equipment written off	113	9
Gain on disposal of property, plant and equipment	(35)	(1,273)
Gain on disposal of a subsidiary	-	(29)
Impairment loss on other investments	2,701	698
Impairment loss on contract assets	1,469	-
Impairment loss on intangible assets	3,543	-
Allowance for impairment loss (reversed)/made on trade and other receivables	(4,153)	904
Share of profit of joint venture (net of tax)	-	(114,462)
Impairment loss on club membership	-	418
Change in fair value of investment properties	-	6,146
Loss on disposal of investment properties	331	203
Effects of exchange rate changes	(1,375)	691
	425,705	122,409
Changes in working capital:		
Development properties	(538,384)	78,496
Contract costs	(29,337)	(10,020)
Inventories	(12,024)	(391)
Trade and other receivables	(85,188)	(125,001)
Contract assets	3,566	99,340
Trade and other payables	93,902	164,640
Contract liabilities	(162,894)	676,869
Cash flows (used in)/generated from operations	(304,654)	1,006,342
Income tax paid	(94,342)	(118,368)
Net cash flows (used in)/generated from operating activities	(398,996)	887,974
Cash flows from investing activities:		
Purchase of property, plant and equipment	(4,786)	(5,083)
Proceed from disposal of property, plant and equipment	784	3,406
Interest received	30,823	30,191
Acquisition of intangible assets	(1,584)	(1,681)
Purchase of other investments	(11,260)	(10,712)
Proceeds from disposal of other investments	3,022	5,846
Repayment from a joint venture partner	128,700	-
Proceeds from disposal of investment properties	5,810	3,451
Net cash outflow from disposal of a subsidiary	-	(75,615)
Net cash flows generated from/(used in) investing activities	151,509	(50,197)
Cash flows from financing activities:		
Capital contribution from non-controlling interests	68,000	12,000
Amount due to non-controlling interests	321,961	184,119
(Increase)/decrease in restricted cash	(154,586)	141,204
Repayment of finance leases obligations	(197)	(131)
Proceeds of loans from third parties	37,000	-
Interest paid	(192,620)	(222,270)
Repayment of loan and borrowings	(689,600)	(2,558,805)
Proceeds from loans and borrowings	732,850	1,464,023
Net cash flows generated from/(used in) financing activities	122,808	(979,860)
Net decrease in cash and cash equivalents	(124,679)	(142,083)
Cash and cash equivalents at the beginning of financial year	654,052	795,829
Effects of exchange rate fluctuations on cash held	(220)	306
Cash and cash equivalents in cash flow statement	529,153	654,052
Additional information:		
Cash and cash equivalents	832,984	803,904
Less: restricted cash	(300,732)	(146,146)
Less: bank overdrafts	(3,099)	(3,706)
Total cash and cash equivalents in cash flow statement	529,153	654,052

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP	<-----Attributable to owners of the Company----->						Non-controlling interests	Total equity
	Share capital	Merger reserve	Capital reserves	Translation reserve	Statutory reserve	Retained earnings		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	359,700	(59,669)	(550)	(16,264)	91,000	827,126	1,201,343	1,379,165
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	123,676	123,676	134,482
Other comprehensive income								
Foreign currency translation differences	-	-	-	(941)	-	-	(941)	(941)
Total comprehensive income for the year	-	-	-	(941)	-	123,676	122,735	133,541
Transaction with owners, recorded directly in equity contributions by and distribution to owners								
Capital contribution from non-controlling interests	-	-	-	-	-	-	12,000	12,000
Total transactions with owners								
Transfer from retained earnings to statutory reserves	-	-	-	-	7,826	(7,826)	-	-
At 31 December 2017	359,700	(59,669)	(550)	(17,205)	98,826	942,976	1,324,078	1,524,706
At 1 January 2018	359,700	(59,669)	(550)	(17,205)	98,826	942,976	1,324,078	1,524,706
Adjustment on initial application of IFRS 9 (net of tax)	-	-	-	-	-	(2,343)	(2,343)	(2,478)
Adjusted balance at 1 January 2018	359,700	(59,669)	(550)	(17,205)	98,826	940,633	1,321,735	1,522,228
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	166,378	166,378	160,331
Other comprehensive income								
Foreign currency translation differences	-	-	-	(1,426)	-	-	(1,426)	(1,426)
Total comprehensive income for the year	-	-	-	(1,426)	-	166,378	164,952	158,905
Transaction with owners, recorded directly in equity contributions by and distribution to owners								
Capital contribution from non-controlling interests	-	-	-	-	-	-	68,000	68,000
Total transactions with owners								
Transfer from retained earnings to statutory reserves	-	-	-	-	20,237	(20,237)	-	-
At 31 December 2018	359,700	(59,669)	(550)	(18,631)	119,063	1,086,774	1,486,687	1,749,133

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 Company voluntarily delisted from the SGX-ST on 24 August 2018.

The consolidated financial statements of the Group as at and for the year ended 31 December 2018 comprise of the Company and its subsidiaries.

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

2. Basis of preparation and principal accounting policies

The consolidated financial statements have been prepared on historical cost basis except the measurement of the investment properties and certain financial assets which were stated at their fair value.

The Group adopted International Financial Reporting Standards (IFRS) in 2018 and the Group's financial statements for the year ended 31 December 2018 are prepared in accordance with IFRS. Previously, the Group reported its financial statements using the Financial Reporting Standards in Singapore (FRS).

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2017, except for the adoption of IFRS framework as described above and the new/revised IFRS applicable for the financial period beginning 1 January 2018 as follows:

- IFRS 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;
- IFRS 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 IFRS 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 IAS 40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of Investment Property* issued by the IASB in December 2016;
- requirements in IFRS 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 IAS 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

- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*.

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

IFRS 15 Revenue from Contracts with Customers

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

The Group used 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 IFRS 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 IFRS 15, the Group has changed the presentation of the following amounts:

- 'Accrued trade receivables' classified as 'Trade and other receivables' of RMB774,136,000 as at 31 December 2017 and RMB873,476,000 as at 1 January 2017 were reclassified to 'Contract assets';
- 'Advance receipts from customers' classified as 'Trade and other payables' of RMB1,171,553,000 as at 31 December 2017 and RMB494,684,000 as at 1 January 2017 reclassified to 'Contract liabilities'.

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 IFRS 15, the Group capitalises such incremental costs as a contract cost as they are recoverable. The capitalised costs are amortised consistently with the pattern of revenue for the related property sales contracts. The impact to the financial statement is as follows:

	31 December 2017 RMB'000	1 January 2017 RMB'000
Consolidated Statement of financial position		
Increase in contract costs	10,020	-
Increase in deferred tax liabilities	(2,505)	-
Increase in retained earnings	(7,515)	-
Consolidated Statement of comprehensive income		
Increase in cost of sales	(11,613)	
Decrease in selling and distribution expenses	21,633	
Increase in income tax expenses	(2,505)	
Increase in total comprehensive income for the year	7,515	

Significant financing component

The Group receives prepayments from customers for the sale of commercial and residential property units. 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. The Group recognizes finance income/expense, depending on the arrangement, for payments received from customer for the sale of development property units to the customer when the difference between the timing of receipt of payments and the transfer of control of the property to the customer is 12 months or more.

IFRS 9 Financial Instruments

The Group elected to adopt the optional exemption in IFRS 1 allowing it not to restate comparative information in its first IFRS annual financial statements arising from the adoption of IFRS 9 (i.e. comparative information applies IFRS 39 *Financial Instruments: Measurement and Recognition*). Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 were recognised in retained earnings and reserves as at 1 January 2018.

Impairment

The Group previously recognised an impairment loss on trade and other receivables when there was objective evidence of impairment. Under IFRS 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 IFRS 15. Upon adoption of IFRS 9, impairment loss of the Group's contract assets and trade and other receivables increased by RMB 2,276,000 and RMB 987,000 as at 1 January 2018 respectively. The Group recorded a deferred tax credit of RMB 785,000 as at 1 January 2018.

Financial effect on adoption of IFRS and the new accounting standards

The following reconciliations summaries the impacts on initial application of IFRS15 and IFRS9 on the Group's consolidated financial position as at 1 January 2017, 31 December 2017 and 1 January 2018, the Group's consolidated comprehensive income for the year ended 31 December 2017. There were no material adjustments to the Group's consolidated statement of cash flows for the year ended 31 December 2017 arising on transition to IFRS.

Consolidated statement of financial position

	31 December 2017			1 January 2018	
	FRS	IFRS 15	IFRS	IFRS 9	IFRS
	framework		framework		framework
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
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
Non-current assets	1,173,780	-	1,173,780	-	1,173,780
Inventories	17,629	-	17,629	-	17,629
Development properties	2,646,148	-	2,646,148	-	2,646,148
Contract costs	-	10,020	10,020	-	10,020
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
Current assets	5,095,549	10,020	5,105,569	(3,263)	5,102,306
Total assets	6,269,329	10,020	6,279,349	(3,263)	6,276,086
Equity					
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
Total equity	1,517,191	7,515	1,524,706	(2,478)	1,522,228
Liabilities					
Loans and borrowings	878,325	-	878,325	-	878,325
Deferred tax liabilities	255,554	2,505	258,059	(785)	257,274
Non-current liabilities	1,133,879	2,505	1,136,384	(785)	1,135,599
Loans and borrowings	1,117,155	-	1,117,155	-	1,117,155
Contract liabilities	-	1,171,553	1,171,553	-	1,171,553
Trade and other payables	2,306,315	(1,171,553)	1,134,762	-	1,134,762
Income tax payable	194,789	-	194,789	-	194,789
Current liabilities	3,618,259	-	3,618,259	-	3,618,259
Total liabilities	4,752,138	2,505	4,754,643	(785)	4,753,858
Total equity and liabilities	6,269,329	10,020	6,279,349	(3,263)	6,276,086

	1 January 2017		
	FRS framework RMB'000	IFRS 15 RMB'000	IFRS framework RMB'000
Assets			
Property, plant and equipment	57,068	-	57,068
Intangible assets	3,421	-	3,421
Investment properties	483,000	-	483,000
Joint ventures	288,682	-	288,682
Trade and other receivables	217,454	-	217,454
Deferred tax assets	19,233	-	19,233
Non-current assets	1,068,858	-	1,068,858
Inventories	17,238	-	17,238
Development properties	2,545,693	-	2,545,693
Contract costs	-	-	-
Contract assets	-	873,476	873,476
Trade and other receivables	1,459,006	(873,476)	585,530
Other investments	2,320	-	2,320
Prepaid tax	34,358	-	34,358
Cash and cash equivalents	1,083,179	-	1,083,179
Current assets	5,141,794	-	5,141,794
Total assets	6,210,652	-	6,210,652
Equity			
Share capital	359,700	-	359,700
Reserves	841,643	-	841,643
Non-controlling interests	177,822	-	177,822
Total equity	1,379,165	-	1,379,165
Liabilities			
Loans and borrowings	1,345,088	-	1,345,088
Deferred tax liabilities	242,059	-	242,059
Non-current liabilities	1,587,147	-	1,587,147
Loans and borrowings	1,738,832	-	1,738,832
Contract liabilities	-	494,684	494,684
Trade and other payables	1,295,086	(494,684)	800,402
Income tax payable	210,422	-	210,422
Current liabilities	3,244,340	-	3,244,340
Total liabilities	4,831,487	-	4,831,487
Total equity and liabilities	6,210,652	-	6,210,652

Consolidated statement of comprehensive income

	Year ended 31 December 2017		
	FRS	IFRS 15	IFRS
	frame work		frame work
	RMB'000	RMB'000	RMB'000
Revenue	1,748,042	-	1,748,042
Cost of sales	(1,508,563)	(11,613)	(1,520,176)
Gross profit	239,479	(11,613)	227,866
Other income	71,637	-	71,637
Selling and distribution expenses	(62,833)	21,633	(41,200)
Administrative expenses	(139,991)	-	(139,991)
Other operating expenses	(10,442)	-	(10,442)
Results from operating activities	97,850	10,020	107,870
Net finance income	6,215	-	6,215
Share of profit of joint ventures (net of tax)	114,462	-	114,462
Profit before tax	218,527	10,020	228,547
Income tax expenses	(91,560)	(2,505)	(94,065)
Profit for the year	126,967	7,515	134,482
Profit attributable to:			
Owners of the Company	116,161	7,515	123,676
Non-controlling interests	10,806	-	10,806
Profit for the year	126,967	7,515	134,482
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	(941)	-	(941)
Total other comprehensive loss for the year, net of tax	(941)	-	(941)
Total comprehensive income for the year	126,026	7,515	133,541
Total comprehensive income attributable to:			
Owners of the Company	115,220	7,515	122,735
Non-controlling interests	10,806	-	10,806
Total comprehensive income for the year	126,026	7,515	133,541
Earnings per share:			
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 consolidated financial statements for the current reporting

year 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.

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

II. Clean room equipment, heating, 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:

	Property development		Equipment Manufacturing		Total	
	2018	2017	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Restated				Restated	
Revenue:						
External customers	1,726,653	1,678,926	51,356	69,116	1,778,009	1,748,042
Segments results from operating activities	441,029	125,583	(24,555)	(17,713)	416,474	107,870
Finance income	14,031	43,307	320	413	14,351	43,720
Finance costs	(24,365)	(34,168)	(7,944)	(3,337)	(32,309)	(37,505)
Profit before income tax					398,516	114,085
Taxation					(238,185)	(94,065)
Share of profit of equity-accounted investees					-	114,462
Non controlling interests					6,047	(10,806)
Profit attributable to owners of the Group					166,378	123,676
Segment assets	6,819,560	6,172,749	104,318	106,600	6,923,878	6,279,349
Segment liabilities	3,108,862	2,728,402	27,326	30,761	3,136,188	2,759,163
Loans and borrowings	1,806,691	1,804,680	231,866	190,800	2,038,557	1,995,480
Total liabilities					5,174,745	4,754,643
Other segment information						
Capital expenditure	3,759	2,240	2,611	4,524	6,370	6,764
Depreciation of property, plant and equipment	3,822	3,610	2,074	1,818	5,896	5,428
Amortisation of intangible assets	171	126	592	1,250	763	1,376

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, capital expenditure and certain assets information regarding the Group's geographical segments as at and for the year ended 31 December 2018 and 31 December 2017.

	PRC	Singapore	Other Countries	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2018				
Revenue	1,732,726	32,901	12,382	1,778,009
Non-current assets*	903,539	2,747	19,128	925,414
31 December 2017				
Revenue	1,693,971	36,796	17,275	1,748,042
Non-current assets*	915,015	2,483	17,951	935,449

*Exclude trade and other receivables and deferred tax assets.

4. Other income

	GROUP	
	FY2018	FY2017
	RMB'000	RMB'000
Net change in fair value loss on other investments	(2,701)	(698)
Government grants	-	600
Rental income	4,418	3,220
Compensation income - termination of a joint development project	68,432	-
Other compensation income	1,094	2,531
Gain on disposal of quoted equity investment	22	32
Gain on disposal of property, plant and equipment	35	1,273
Net gain on disposal of sales right on Joint Venture	-	60,020
Gain on disposal of subsidiary	-	29
Others	6,387	4,630
	<u>77,687</u>	<u>71,637</u>

5. Net finance (costs)/income

	GROUP	
	FY2018	FY2017
	RMB'000	RMB'000
Interest income	14,351	43,720
Interest expenses	(199,232)	(217,631)
Bank charges and others	(1,865)	(4,640)
Finance expenses, net	(186,746)	(178,551)
Finance costs capitalised in development properties	168,788	184,766
Net finance (costs)/income recognised in profit or loss	<u>(17,958)</u>	<u>6,215</u>

6. Income tax expenses

	GROUP	
	FY2018	FY2017
	RMB'000	RMB'000
Current tax expense		
- Current year	121,640	59,340
- Under/(Over)provision in respect of prior years	211	(99)
	<u>121,851</u>	<u>59,241</u>
Deferred tax expense		
- Origination and reversal of temporary differences	(16,081)	(11,147)
- Withholding tax on the profits of the Group's PRC subsidiaries	24,111	23,470
	<u>8,030</u>	<u>12,323</u>
Land appreciation tax expense		
- Land appreciation tax	108,304	22,501
	<u>108,304</u>	<u>22,501</u>
Income tax expenses	<u>238,185</u>	<u>94,065</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 for the year

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

	GROUP		
	FY2018	FY2017	% change
	RMB'000	RMB'000	+ / (-)
Amortisation of intangible assets	763	1,376	-45%
Allowance for impairment loss on club membership	-	418	-100%
Allowance for impairment loss (reversed)/made on trade and other receivables	(4,153)	904	-559%
Allowance for impairment loss on contract assets	1,469	-	-
Allowance for impairment loss on intangible assets	3,543	-	-
Change in fair value of investment properties	-	6,146	-100%
Depreciation of property, plant and equipment	5,896	5,428	9%
Loss on disposal of investment properties	331	203	63%
Operating lease expenses	1,661	1,911	-13%
Property, plant and equipment written off	113	9	1156%
Raw materials, change in finished goods and work-in-progress recognised	34,750	47,786	-27%
Write down of inventories	-	1,096	-100%

8. Property, plant and equipment

During the year, the Group spent approximately RMB4.8 million (FY2017: RMB5.1 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, based on due date, is as follows:

	Gross	Impairment	Gross	Impairment	Gross	Impairment
	31-Dec-18	31-Dec-18	31-Dec-17	31-Dec-17	1-Jan-17	1-Jan-17
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
Not past due	23,229	(20)	44,681	-	70,359	-
Past due 1 – 30 days	3,760	(50)	4,904	-	4,958	-
Past due 31 – 60 days	2,075	(45)	1,467	-	2,058	-
Past due 61 – 90 days	1,394	(60)	1,715	-	11,862	-
Past due more than 90 days	8,402	(1,237)	18,946	(904)	2,788	-
	<u>38,860</u>	<u>(1,412)</u>	<u>71,713</u>	<u>(904)</u>	<u>92,025</u>	<u>-</u>

Trade receivables that are not past due

As at 31 December 2018, included in the trade receivables attributed to the Group's development property operations are amounts of RMB 14,140,000 and RMB 5,841,000 (31 December 2017: RMB 14,140,000 and RMB 17,982,000; 1 January 2017: RMB 30,089,000 and RMB 22,130,000) arising from instalment sales and sales pending release of financing by banks, respectively.

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

As at 31 December 2018, the Group had trade receivables amounting to RMB 14,239,000 (31 December 2017: RMB 26,128,000; 1 January 2017: RMB 21,666,000). Included in these trade receivables are amounts of RMB 10,108,000 and RMB 4,131,000 (31 December 2017: RMB 19,808,000 and RMB 6,320,000; 1 January 2017: RMB 19,726,000 and RMB1,940,000) attributed primarily to the clean room and air diffusion products operations, and development properties operations, respectively.

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, based on invoice date, is as follows:

	31 December 2017 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000
Not past due	435,178	433,812	348,795
Past due 1 – 30 days	2,054	2,103	1,337
Past due 31 – 60 days	522	5,524	657
Past due 61 – 90 days	70,159	103	419
Past due more than 90 days	23,438	35,033	31,993
	<u>531,351</u>	<u>476,575</u>	<u>383,201</u>

11. Share capital

	Group	
	Share Capital RMB'000	No of shares issued '000
Issued and fully paid:		
As at 1 January and 31 December	359,700	196,133

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.

At 31 December 2018, there were no share options issued by the Group.

12. Loans and borrowings

Amount repayable in one year or less, or on demand

As at 31 December 2018		As at 31 December 2017		As at 1 January 2017	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
1,618,117	244	1,117,101	54	1,738,702	130

Amount repayable after one year

As at 31 December 2018		As at 31 December 2017		As at 1 January 2017	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
419,815	381	878,188	137	1,345,088	-

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

13. Dividend

The Board did not declare or recommend any dividend for the years ended 31 December 2018 and 2017.

14. Earnings per share

	GROUP	
	31-Dec-18	31-Dec-17
Profit attributable to owners of the Company (RMB'000)	166,378	Restated 123,676
Weighted average number of ordinary shares in issue (in thousands)	196,133	196,133
Earning per ordinary share:		
(i) Based on weighted average number of ordinary shares in issue (RMB cents)	84.83	63.06
(ii) On a fully diluted basis (RMB cents)	84.83	63.06

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 31 December 2018 and 31 December 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		
	31-Dec-18	31-Dec-17	1-Jan-17
		Restated	Restated
Net assets attributable to owners of the Company (RMB'000)	1,486,687	1,324,078	1,201,343
Number of ordinary shares (in thousands)	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)	7.58	6.75	6.13

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:

Group		
31 December 2018	31 December 2017	1 January 2017
RMB'000	RMB'000	RMB'000

- (i) Development expenditures authorised and contracted for

621,610	811,290	540,331
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17. Contingent liabilities

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

Group		
31 December 2018	31 December 2017	1 January 2017
RMB'000	RMB'000	RMB'000

Guarantees given to banks in connection with banking facilities granted to third parties

1,868,212	997,325	1,161,827
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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.

18. Gearing ratio

	Group		
	31-Dec-18	31-Dec-17	1-Jan-17
	RMB'000	RMB'000	RMB'000
		Restated	Restated
Loans and borrowings	2,038,557	1,995,480	3,083,920
Less: Cash and cash equivalents	(832,984)	(803,904)	(1,083,179)
Net debt	1,205,573	1,191,576	2,000,741
Equity attributable to owners of the Company	1,486,687	1,324,078	1,201,343
Gearing ratio	81%	90%	167%

19. Share options

As at 31 December 2018, Company does not have any employee share option scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

	GROUP		
	FY2018 RMB'000	FY2017 RMB'000	% change + / (-)
Restated			
<u>Property Development</u>			
Sales	1,726,653	1,678,926	3%
Cost of sales	(1,177,401)	(1,472,390)	-20%
Gross profit	<u>549,252</u>	<u>206,536</u>	
Gross Profit Margin	32%	12%	
<u>Equipment Manufacturing</u>			
Sales	51,356	69,116	-26%
Cost of sales	(34,750)	(47,786)	-27%
Gross profit	<u>16,606</u>	<u>21,330</u>	
Gross Profit Margin	32%	31%	

Revenue and Gross Profit Margin ("GP Margin")

Property development business

FY2018 property development sales was 3% higher as compared to the same period of last year mainly due to higher average selling price of Weiye Yehai Shangcheng and Weiye Shangcheng Erhaoyuan that were handled over to customers in FY2018. Overall, total NSFA handled over to customers for FY2018 was approximately 197,012 sqm (FY2017: 235,368 sqm).

Revenue from property development sales for FY2018 was mainly generating from the following projects, namely Weiye Shangcheng Yihaoyuan & Erhaoyuan, Weiye Yehai Shangcheng and Weiye Oxygen Cube A Phase I, II & III, which contributed approximately RMB755.6 million, RMB648.0 million and RMB138.0 million, respectively.

The GP margin of property development business for FY2018 was 20% higher than the same period of last year mainly due to sales of Weiye Yehai Shangcheng and Weiye Shangcheng Erhaoyuan, which fetched higher average selling price in the year under review.

Equipment manufacturing business

The sales of equipment comprised mainly sales of clean room equipment ("CRE"), air purification, grilles & diffuser and marine damper products. Sales in FY2018 was 26% lower, as compared to the same period of last year mainly due to continuous heightening of series of property control measures (especially on the sales price cap) in China as well as sluggish condition in the Asia Pacific construction markets that caused a reduction in the sales of air purification, CRE, diffuser and damper products in the year under review.

The GP margin for equipment manufacturing business of 32% for FY2018 was consistent with the same period of last year.

Other income

Other income for FY2018 comprised mainly of a compensation income from Henan Meiyuan Co., Ltd (“Henan Meiyuan”) for termination of a joint development project of approximately RMB68.4 million. 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 and such project termination compensation. 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. The Group has finalized a settlement agreement with Henan Meiyuan and received such compensation income in FY2018.

Selling and distribution expenses

The higher selling and distribution expenses for FY2018 was mainly due to more promotional activities for development projects, namely Weiye Yehai Shangcheng and Weiye Shangcheng Erhaoyuan during the year under review.

Administrative expenses

Administrative expenses for FY2018 was higher as compared to the same period of last year mainly due to the increase in professional fee for the Group’s delisting from the Stock Exchange of Singapore and expansion of property development business in the Yangtze River Delta region during the year under review.

Net finance income/(expenses)

	GROUP		
	FY2018	FY2017	% change
	RMB'000	RMB'000	+/(−)
Finance expense	(32,309)	(37,505)	-14%
Finance income	14,351	43,720	-67%
Net finance (expense)/income	<u>(17,958)</u>	<u>6,215</u>	

Finance expense for FY2018 was lower as compared to the same period of last year mainly due to saving in interest cost during the period under review. Finance income for FY2018 was lower as compared to same period of last year mainly due to interest income earned on cash advance to Henan Meiyuan in FY2017.

Taxation

The increase in taxation for FY2018 was mainly due to higher provision of corporate income tax of approximately RMB62.6 million as a result of higher net profit before tax during the year under review, and higher provision of land appreciation tax of approximately RMB85.8 million as a result of higher

average selling price of certain development property. This was partially offset by lower deferred tax expense of approximately RMB4.3 million.

Review of Financial Position

The increase in development properties of approximately RMB707.2 million was mainly due to the progressive construction works of Taihu Tiancui, Weiye Meiyue Wan and Weiye Lanting Wan and land acquisition cost of Yangzhou Yuejiang Wan and Yuedi Wan in the year under review, partially offset by sales of development properties for Weiye Yehai Shangcheng, Weiye Shangcheng Yihaoyuan & Erhaoyuan and Oxygen Cube A Phase I, II & III.

The decrease in trade and other receivables of approximately RMB56.8 million was mainly due to the decrease in receivable from third parties of approximately RMB194.6 million and full repayment of cash advance and accrued interest from the joint venture partner of Hanfang Yaoye of approximately RMB128.7 million, partly offset by prepayment of acquisition cost for Zhushan Jiao Jinlida and Henan Kelong property development projects of approximately RMB168.0 million and refundable land tender deposit for Henan Xingwei land plot #3 of approximately RMB91.6 million.

The increase in other investment was mainly due to purchase of financial products of approximately RMB 11.3 million, partly offset by the disposal of available for sale financial assets of RMB3.0 million and impairment loss on quoted equity investment of approximately RMB2.7 million in the year under review.

The increase in trade and other payables of approximately RMB452.8million was mainly from additional billings for construction of new and uncomplete projects such as Weiye Yehai Shangcheng, Taihu Tiancui, Weiye Meiyue Wan and Weiye Lanting Wan and loan from minority shareholders of Yuejiang Wan and Yuedi Wan projects for land acquisition purpose in the year under review.

The decrease in contract liabilities was mainly due to reversal of advance receipts caused by sales recognition from projects such as Weiye Shangcheng Yihaoyuan & Erhaoyuan and Weiye Yehai Shangcheng in the year under review, partly offset by an increase in advance receipts from sale of Weiye Meiyue Wan.

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 RMB425.7 million. Cash used in working capital amounted to approximately RMB730.4 million mainly due to decrease in development properties of approximately RMB538.4 million, trade and other receivables of approximately RMB85.2 million and decrease in contract liability of approximately RMB162.9 million, partly offset by increase in trade and other payables of approximately RM93.9 million. After changes in working capital and payment for income tax of approximately RMB94.3 million, net cash flow used in operating activities amounted to approximately RMB399.0 million.

Net cash generated from investing activities amounted to approximately RMB151.5 million mainly due to repayment from joint venture partner of approximately RMB128.7 million, proceed from disposal of investment properties of approximately RMB5.8 million and interest income of approximately RMB30.8 million, partly offset by purchase of other investment of approximately RMB 11.3 million and purchase of property, plant and equipment of approximately RMB4.8 million.

Net cash generated from financing activities amounted to approximately RMB122.8 million mainly due to proceeds from loans and borrowings of approximately RMB732.9 million, increase in amount due to non-controlling interests of approximately RMB322.0 million and capital contribution from non-controlling interest of RMB68.0 million, partly offset by repayment of loans and borrowings of approximately RMB732.9 million, increase in restricted cash of approximately RMB154.6 million, and interest payment of approximately RMB192.6 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)

The China National People's Congress (NPC) session and the Chinese people's political consultative conference (CPPCC) have in 2018 set the policy tone for real estate regulation and control for the year, further stressed that "houses are for living, not for speculating" and continued to implement differentiated regulation. Besides, the meeting of the political bureau of the CPC central committee also emphasized "determination to solve problems of the real estate market... resolution to curb rising in the housing prices. Under this rhythm, the Chinese local governments introduced steady, on-time and well-coordinated but tighter property control measures. Focusing on both supply and demand, these control measure have achieved certain desired results, and the property market expectations have gradually become more rational.

As at December 2018, the cumulative sales floor area and sales value of commercial housing in China were 1.71 billion square meters and RMB15.0 trillion, with an annual growth rate of 1.3% and 12.2% respectively; the total investment in real estate development was RMB12.0 trillion, or 9.5% increase y-o-y. The growth of the above mentioned indicators have continued to slow down. Overall, as a result of the concerted effort of various control measures, the market expectation has changed. The third and fourth-tier cities, which once drove the increase in the sales of existing houses, have also cooled down significantly, with some cities experiencing downward price adjustment. In 2019, differentiated control based on local conditions will still be the direction for the Chinese government in implementing property control measures. As such, the housing price is expected to further stabilize. Certain first and second-tier cities with excessive price hike will continue to moderate, the rising trend of housing prices in the third and fourth-tier cities will also be significantly weakened, and those cities without the support of population and industries will further be hit.

With the continuous heightening of the property control measures, the group believes that its real estate segment will face more challenges in the next 12 months. In the current environment, the Company, through innovative real estate development model, shall engage in precise land banking, and accelerate sales promotion and marketing of its property projects at the same time in order to ensure healthy cash flow and stable development.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2018, there were 403 (FY2017: 425) employees in the Group. Total employee benefits expenses of the Group (including Directors' fee) for year ended 31 December 2018 were approximately RMB74.8 million (FY2017: RMB77.9 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 year ended 31 December 2018.

MATERIAL ACQUISITIONS AND DISPOSALS

There was no material acquisition and disposal of subsidiaries by the Group during the year ended 31 December 2018.

AUDIT COMMITTEE

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

Lam Ying Hung Andy (Chairman)
Dong Xincheng
Liu Ning

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the twelve months ended 31 December 2018.

CORPORATE GOVERNANCE CODE

The Directors consider that the Company had fully complied with Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2018, save for deviations as stated hereof: Code Provision A.2.1 – The roles of the Chairman and the Chief Executive Officer of the Company were not separated and were performed by Mr. Zhang Wei. the Board considers Mr. Zhang Wei is familiar with the culture and operations of the Company and has extensive experience in the real estate industry. The Directors consider the vesting 2 roles in the same individual will not impair the balance of power and authority between the Directors and the management of the Group. Mr. Zhang Wei will act as the Chief Executive Officer temporarily until the Company finds a good replacement. In addition, he is responsible for setting business strategies and managing the Group, which involves high-level decisions about policy and strategy, motivating employees, and driving change within the organization.

COMPLIANCE WITH THE MODEL CODE

In compliance with Model Code for Securities Transactions by Directors of Listed Issuers (“**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 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 FY2018.

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, if any, and interim 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.

DIVIDENDS

The Board did not declare or recommend any dividend for the twelve months ended 31 December 2018 (FY2017: S\$ nil).

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2018 have been compared by the Company’s auditors, KPMG LLP, to the amounts set out in the Group’s draft financial statements for the year ended 31 December 2018 and the amounts were found to be in agreement. The work performed by KPMG LLP in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the shareholders of the Company will be held on a date to be fixed by the Board. Notice of annual general meeting will be published and dispatched to the shareholders of the Company in due course.

PUBLICATION OF ANNUAL REPORT

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (the “**HKEX**”) at www.hkexnews.hk and the website of the Company at www.weiyeholdings.com. The annual report of the Company for the twelve months ended 31 December 2018 will be dispatched to the Shareholders and published on the respective websites of the HKEX and the Company in due course.

By Order of the Board
WEIYE HOLDINGS LIMITED
Zhang Wei
Executive Chairman and Chief Executive
Officer

Hong Kong, 18 March 2019

As at the date of this announcement, the executive Directors are Zhang Wei and Chen Zhiyong; and the independent non-executive Directors are Liu Ning, Lam Ying Hung Andy and Dong Xincheng.

** For identification purpose only*