WEIYE HOLDINGS LIMITED
偉業控股有限公司
(Incorporated in the Republic of Singapore with limited liability)
(Hong Kong Stock Code: 1570)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

UNAUDITED FINANCIAL RESULTS

The Board (the "Board") of Directors (the "Directors") 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 six months ended 30 June 2019, together with the comparative figures for the six months ended 30 June 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2019	2018
	Note	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	4	**184,403**	415,125
Cost of sales		**(74,521)**	(240,747)
Gross profit		**109,882**	174,378
Other income	5	**4,182**	2,730
Selling and distribution expenses		**(18,416)**	(21,833)
Administrative expenses		**(67,435)**	(72,196)
Other operating income/(expenses)		**1,535**	(6,179)
Results from operations		**29,748**	76,900
Net finance (costs)/income	6	**(7,594)**	2,255
Profit before taxation		**22,154**	79,155
Income tax expense	7	**(14,101)**	(49,967)
Profit for the period	8	**8,053**	29,188
Profit attributable to:			
Owners of the Company		**13,436**	27,191
Non-controlling interests		**(5,383)**	1,997
Profit for the period		**8,053**	29,188
Other comprehensive (loss)/income			
Foreign currency translation differences			
– foreign operations		**(1,084)**	4,472
Total other comprehensive (loss)/income for the period, net of tax		**(1,084)**	4,472
Total comprehensive income for the period		**6,969**	33,660
Total comprehensive income attributable to:			
Owners of the Company		**12,352**	31,663
Non-controlling interests		**(5,383)**	1,997
		6,969	33,660

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2019** ***RMB'000*** (unaudited)	31 December 2018 *RMB'000* (audited)
Non-current assets			
Investment properties		**466,000**	467,059
Property, plant and equipment	9	**53,457**	54,535
Intangible assets		**574**	676
Right-of-use assets		**30,472**	–
Joint ventures		**403,144**	403,144
Trade and other receivables		**99,160**	99,160
Deferred tax assets		**29,331**	29,489
		1,082,138	1,054,063
Current assets			
Development properties		**3,820,917**	3,353,320
Inventories		**24,846**	29,653
Contract costs		**56,498**	39,357
Trade and other receivables	10	**675,292**	778,003
Contract assets		**658,208**	766,825
Prepaid tax		**195,406**	57,594
Other investments		**983**	12,079
Cash and cash equivalents		**1,054,728**	832,984
		6,486,878	5,869,815
Current liabilities			
Trade and other payables	11	**1,182,794**	1,587,625
Contract liabilities		**1,812,243**	1,017,136
Loans and borrowings	12	**1,717,739**	1,618,361
Lease liabilities		**7,178**	–
Income tax payable		**242,640**	247,105
		4,962,594	4,470,227
Net current assets		**1,524,284**	1,399,588
Non-current liabilities			
Loans and borrowings	12	**556,347**	420,196
Lease liabilities		**23,926**	–
Deferred tax liabilities		**270,047**	284,322
		850,320	704,518
Net assets		**1,756,102**	1,749,133
Equity			
Share capital	13	**359,700**	359,700
Reserves		**1,139,339**	1,126,987
Equity attributable to owners of the Company		**1,499,039**	1,486,687
Non-controlling interests		**257,063**	262,446
Total equity		**1,756,102**	1,749,133

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

This interim financial report has been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, (the "Listing Rules") including compliance with International Accounting Standard (IAS) 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 30 August 2019.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

3. CHANGES IN ACCOUNTING POLICIES

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

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

IFRS 16, *Leases*

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

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

Summary of new accounting policies

As a result of the adoption of IFRS 16, the new accounting policies of the Group which have been applied from the date of initial application are set out below:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, estimated costs to be incurred by the lessee in restoring the underlying asset to the condition required by the terms and conditions of the lease, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments included fixed payments (including in-substance fixed payments).

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification (i.e. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed payments).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to short-term leases of assets (i.e. those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered as low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for office premises, warehouses and residentials. As a lessee, the Group previously classified these leases as operating leases. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and short-term leases (elected by class of underlying assets). The Group has elected not to recognise right-to-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of twelve months or less. Accordingly, the Group recognises the lease payments in relation to lease liability are allocated into a principal and an interest portion which are presented as financing cash flows in the unaudited condensed consolidated statement of cash flows by the Group.

Impacts on transition

In accordance with the transitional provision under IFRS 16, the Group applied the simplified transition approach on 1 January 2019. Lease liabilities were recognised at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. All right-to-use assets were measured at the amount of lease liabilities on adoption (adjusted for any prepaid or accrued lease expenses, if any).

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application.

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

	RMB'000
Assets	
Increase in right-of-use assets	
Properties	7,934
Liabilities	
Increase in lease liabilities	
Non-current portion	(3,389)
Current portion	(4,545)

The discount rate applied to the lease liabilities on 1 January 2019 ranging from 3% to 6.18%. The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	8,380
Discounted operating lease commitments, lease liabilities recognised as at 1 January 2019	7,934

Amounts recognised in unaudited condensed consolidated financial statements

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period are as follows:

	Right-of-use assets *RMB'000*	**Lease liabilities** *RMB'000*
At 1 January 2019	7,934	7,934
Additions	26,039	26,039
Depreciation *(Note 8)*	(3,501)	–
Interest expense *(Note 6)*	–	130
Lease payments	–	(2,999)
At 30 June 2019	30,472	31,104
Analysed for the reporting purpose as:		
Non-current	30,472	23,926
Current	–	7,178
	30,472	31,104

Save as disclosed above, the application of the 2019 new IFRSs had no material effect on the financial performance or financial position for the current or prior accounting periods.

4. SEGMENT INFORMATION

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

I. Property development

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

II. Clean room equipment, heat ventilation and air-conditioning products, and air 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 (Chief Operating Decision Maker) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the 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 revenue, profit or loss, assets and liabilities

	Unaudited six months ended					
	Property Development		**Equipment Manufacturing**		**Total**	
	2019	2018	**2019**	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**156,784**	388,076	**27,619**	27,049	**184,403**	415,125
Segments results	**37,824**	85,811	**(8,076)**	(8,911)	**29,748**	76,900
Finance income	**6,207**	11,700	**231**	–	**6,438**	11,700
Finance costs	**(9,701)**	(6,010)	**(4,331)**	(3,435)	**(14,032)**	(9,445)
Profit before income tax					**22,154**	79,155
Taxation					**(14,101)**	(49,967)
Non-controlling interests					**5,383**	(1,997)
Profit attributable to owners of the Company					**13,436**	27,191
Segment assets	**7,472,649**	6,598,903	**96,367**	121,127	**7,569,016**	6,720,030
Segment liabilities	**3,508,601**	2,906,741	**30,227**	32,703	**3,538,828**	2,939,444
Loans and borrowings	**2,039,050**	2,001,200	**235,036**	223,938	**2,274,086**	2,225,138
Total liabilities					**5,812,914**	5,164,582
Other segment information						
Depreciation of property, plant and equipment	**2,588**	1,880	**483**	1,148	**3,071**	3,028
Depreciation of right-of-use assets	**2,335**	–	**1,166**	–	**3,501**	–
Amortisation of intangible assets	**102**	79	**–**	263	**102**	342

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 ended 30 June 2019 and 2018.

Geographical segments

	PRC	**Singapore**	**Other Countries**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
30 June 2019				
Revenue	**157,040**	**27,363**	**–**	**184,403**
Non-current assets*	**1,030,213**	**2,364**	**20,230**	**1,052,807**
30 June 2018				
Revenue	391,836	23,289	–	415,125
Non-current assets*	1,076,569	2,136	18,383	1,097,088

* Excluding deferred tax assets

5. OTHER INCOME

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Rental income	**1,901**	2,498
Gain on disposal of quoted equity investment	**13**	–
Gain on disposal of property, plant and equipment	**48**	32
Gain on disposal of investment properties	**16**	–
Exchange gain	**406**	–
Net change in fair value on other investments	**164**	–
Others	**1,634**	200
	4,182	2,730

6. NET FINANCE (COSTS)/INCOME

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest expense	**(13,902)**	(9,445)
Interest on lease liabilities	**(130)**	–
Interest income	**6,438**	11,700
Net finance (costs)/income	**(7,594)**	2,255

7. TAXATION

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax expense		
– Current period	**(22,072)**	(35,128)
	(22,072)	(35,128)
Deferred tax expense		
– Origination and reversal of temporary differences	**(1,673)**	(425)
– Withholding tax on the profits of the Group's PRC subsidiaries	**–**	(8,754)
	(1,673)	(9,179)
Land appreciation tax credit/(expense)		
– Land appreciation tax	**9,644**	(5,660)
	9,644	(5,660)
Taxation	**(14,101)**	(49,967)

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

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

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

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

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

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

8. PROFIT BEFORE TAXATION FOR THE PERIOD

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**3,071**	3,028
Depreciation of right-of-use assets	**3,501**	–
Amortisation of intangible assets	**102**	342
Property, plant and equipment written off	**179**	318
Impairment loss on other investments	**–**	3,222
Impairment loss (reversed)/made on trade and other receivables and contract assets	**(1,830)**	1,986

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB2.1 million (2018: RMB1.3 million) on the acquisition of property, plant and equipment.

10. TRADE AND OTHER RECEIVABLES

Trade receivables of the Group are non-interest bearing and are normally settled on 30 to 180 days (2018: 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 carrying amount 30 June 2019 *RMB'000* **(unaudited)**	**Impairment loss allowance 30 June 2019** *RMB'000* **(unaudited)**	Gross carrying amount 31 December 2018 *RMB'000* (audited)	Impairment loss allowance 31 December 2018 *RMB'000* (audited)
Current (not past due)	**15,025**	**(54)**	23,229	(20)
Past due 1 – 30 days	**2,872**	**(26)**	3,760	(50)
Past due 31 – 60 days	**3,231**	**(50)**	2,075	(45)
Past due 61 – 90 days	**1,438**	**(42)**	1,394	(60)
Past due more than 90 days	**6,475**	**(515)**	8,402	(1,237)
	29,041	**(687)**	38,860	(1,412)

Trade receivables that are not past due

As at 30 June 2019, included in the trade receivables attributed to the Group's development property operations are amounts of RMB9,140,000 and RMB2,768,000 (2018: RMB14,140,000 and RMB5,841,000) 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 30 June 2019, the Group had trade receivables amounting to RMB13,383,000 (2018: RMB14,239,000) which were past due. Included in these trade receivables are amounts of RMB11,117,000 and RMB2,266,000 (2018: RMB10,108,000 and RMB4,131,000) attributed primarily to the clean room and air diffusion products operations, and development properties operations, respectively.

11. TRADE AND OTHER PAYABLES

Trade payables primarily comprise construction costs payable to third parties.

Ageing profile

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

	30 June 2019 *RMB'000* **(unaudited)**	31 December 2018 *RMB'000* (audited)
Not past due	**244,205**	443,648
Past due 1 – 30 days	**1,362**	2,054
Past due 31 – 60 days	**895**	522
Past due 61 – 90 days	**76,952**	70,159
Past due more than 90 days	**18,538**	23,438
	341,952	539,821

12. LOANS AND BORROWINGS

	As at 30 June 2019			As at 31 December 2018		
	Secured *RMB'000* **(unaudited)**	**Unsecured** *RMB'000* **(unaudited)**	**Total** *RMB'000* **(unaudited)**	Secured *RMB'000* (audited)	Unsecured *RMB'000* (audited)	Total *RMB'000* (audited)
Amount repayable						
– in one year or less, or on demand	**1,717,487**	**252**	**1,717,739**	1,618,117	244	1,618,361
– after one year	**556,002**	**345**	**556,347**	419,815	381	420,196
Total	**2,273,489**	**597**	**2,274,086**	2,037,932	625	2,038,557

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. SHARE CAPITAL

	Share Capital *RMB'000*	No of shares issued *'000*
Issued and fully paid:		
As at 1 January and 30 June 2019	**359,700**	**196,133**

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

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

14. DIVIDEND

The Board did not declare or recommend interim dividend for the six months ended 30 June 2019 or 30 June 2018.

15. EARNINGS PER SHARE

	Six months ended 30 June	
	2019 (unaudited)	2018 (unaudited)
Profit attributable to owners of the Company (RMB'000)	**13,436**	27,191
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)	**6.85**	13.86
(ii) On a fully diluted basis (RMB cents)	**6.85**	13.86

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 2019 and 30 June 2018.

16. NET ASSET VALUE

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

	30 June 2019 (unaudited)	31 December 2018 (audited)
Net assets attributable to owners of the Company (RMB'000)	**1,499,039**	1,486,687
Number of ordinary shares (in thousands)	**196,133**	196,133
Net asset value per ordinary share based on issued share capital of the issuer at the end of the financial year (RMB)	**7.64**	7.58

17. CAPITAL COMMITMENT

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

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Development expenditures authorised and contracted for	**1,103,832**	621,610

18. CONTINGENT LIABILITIES

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

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Guarantees granted to financial institutions on behalf of purchasers of property units	**1,643,432**	1,868,212

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.

19. GEARING RATIO

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Loans and borrowings	**2,274,086**	2,038,557
Less: Cash and cash equivalents	**(1,054,728)**	(832,984)
Net debt	**1,219,358**	1,205,573
Equity attributable to owners of the Company	**1,499,039**	1,486,687
Gearing ratio	**81%**	81%

20. SHARE OPTIONS

As at 30 June 2019, Company does not have any employee share option scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Property Development		
Sales	**156,784**	388,076
Cost of sales	**(54,505)**	(223,870)
Gross profit	**102,279**	164,206
Gross Profit Margin	**65%**	42%
Equipment Manufacturing		
Sales	**27,619**	27,049
Cost of sales	**(20,016)**	(16,877)
Gross profit	**7,603**	10,172
Gross Profit Margin	**28%**	38%

Revenue and Gross Profit Margin ("GP Margin")

Property development business

Property development sales decreased by 60% to approximately RMB156.8 million in the first half of 2019 as compared with the corresponding period of 2018 due to lower net saleable floor area ("NSFA") handed over to customers during the period under review. Total NSFA handed over to customers for the current period amounted to approximately 10,512 sqm (2018: 54,633 sqm).

Revenue from property development sales was mainly from the following projects, namely Weiye Yehai Shangcheng (偉業椰海尚城), Weiye Shangcheng Erhaoyuan (偉業上城2號院), Weiye Tiandao International (偉業天道國際) and Tianhe Shui-an (天河水岸) and Weiye Oxygen Cube A and B (偉業氧立方A及B), which contributed approximately RMB46.0 million, RMB40.6 million, RMB33.7 million and RMB28.2 million respectively.

The gross profit ("GP") margin of property development business for the first half year of 2019 was 65%, which was 23% higher than the same period of last year mainly due to higher sales of commercial offices from Weiye Tiandao International (偉業天道國際) and Weiye Yehai Shangcheng (偉業椰海尚城), as well as higher sales of car parks from Weiye Shangcheng Erhaoyuan (偉業上城2號院) during the current period, all of which contributed higher GP margin as compared to residential properties.

Equipment manufacturing business

The sales of equipment comprised of clean room equipment ("CRE"), air purification equipment, Heating, Ventilation and Air Conditioning ("HVAC") equipment and marine damper products. The equipment manufacturing business continued to be adversely affected by the challenging property market condition in the People's Republic of China ("PRC"), which caused a substantial decline in the sales of air purification equipment, cushioned by an increase in the sales of HVAC equipment in the Asia Pacific region during the period under review. As a result, the overall revenue of the equipment segment increased marginally by 2% to RMB27.6 million for the first half of 2019 as compared to the same period of last year.

The GP margin for equipment manufacturing business for the first half year of 2019 was 28%, which was 10% lower than the corresponding period of last year mainly due to an increase in the labour and production cost in Malaysia, as well as a slowdown in the property market in Singapore that affected the profitability of the projects undertaken by the Group during the current period.

Selling and distribution expenses

Selling and distribution expenses for the first half of 2019 was 16% lower compared to the same period of last year mainly due to lower promotional expenses incurred during the period under review.

Administrative expenses

Administrative expenses for the first half of 2019 decreased by 7% as compared to the same period of last year mainly due to higher professional fee incurred last year as a result of the Group's delisting action from the Stock Exchange of Singapore in 2018.

Other operating income/(expenses)

The Group recorded a net other operating income for the first half of 2019 mainly due to a reversal of impairment loss on other receivables and contract assets of approximately RMB1.83 million. The net other operating expense recorded for the corresponding period of last year was mainly due to an impairment loss on other investments of approximately RMB3.2 million.

Net finance (costs)/income

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Interest expense	**(13,902)**	(9,445)
Interest on lease liabilities	**(130)**	–
Interest income	**6,438**	11,700
Net finance (costs)/income	**(7,594)**	2,255

Interest expense for the first half of 2019 was higher as compared to the same periods of last year. It was mainly due to an increase in loans and borrowings during the period under review.

Interest income for the first half of 2019 was lower as compared to same period of last year which was mainly due to a decrease in interest income charged on loan to a third party during the current period as a result of the same being fully repaid at the end of 2018.

Taxation

The decrease in taxation for the first half of 2019 was mainly due to provision of corporate income tax of approximately RMB13.1 million as a result of lower net profit before tax generated from certain subsidiaries as well as lower provision of land appreciation tax of approximately RMB15.3 million caused by a decrease in sales of development properties during the current period.

Review of Financial Position

The increase in properties held for sale of approximately RMB467.6 million was mainly due to the capitalisation of land use rights cost of Xingwei and Plot No.3 (興偉三號地) and the progressive construction costs incurred on property development projects like Meiyuewan (美悅灣), Taihu Tiancui (太湖天萃), Yuejiangwan (悅江灣), Yuediwan (悅堤灣) in the period under review.

Contract costs relates to sales commission paid to property sales agents being capitalised of which the amount shall be matched and amortised against the corresponding sales so recognised in the future. During the current period, the contract costs increased by RMB17.1 million mainly due to capitalisation of sales commission paid for sales of Meiyuewan and Taihu Tiancui.

The decrease in trade and other receivables of approximately RMB102.7 million was mainly due to the capitalisation of deposit placed for land use rights cost of Xingwei Land Plot No.3 during the period under review.

The decrease in the contract assets by RMB108.6 million was mainly due to the partial collection of receivables from the Henan provincial government in relation to the resettlement house construction project.

The decrease in other investment was due to the redemption of short-term financial instrument of approximately RMB11.0 million in the period under review.

The decrease in trade and other payables of approximately RMB404.8 million was mainly due to repayment of trade payables in the period under review.

The increase in contract liabilities by RMB795.1 million was mainly due to advance receipts for the presale of development properties such as Taihu Tiancui (太湖天萃), Yuejiangwan (悦江灣), Yuediwan (悦堤灣) and Meiyuewan (美悦灣) in the current period.

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

PROSPECTS

In the first half of 2019, there was huge downward pressure on the economy of the PRC as a result of the Sino-American trade war and the gradually weakened economic drivers, namely export, investment and consumption. The looming macroeconomic conditions of the property market were equally complicated and uncertain. In pursuing stability and sustainability in its policies, the China Central Government, by adhering to the positioning of "houses are for living, not for speculating", continued to carry out city-differentiated regulation.

The control objective in stabilising land price, housing price and market expectation in the China real estate industry is not expected to change in the second half of 2019. Under such current condition, the Group will expedite completion and marketing of its existing projects in order to reduce stock holding and ensure healthy cash flow. Furthermore, the Group will, through innovative and diversified joint development models, strengthen its project acquisition effort in the Yangtze River Delta and Pearl River Delta regions, especially on government supported industrial real estate projects so as to accumulate good land banks at reasonable cost for future stable growth.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, there were 497 (2018: 415) employees in the Group. Total employee benefits expenses of the Group (including Directors' fee) for the six months period ended 30 June 2019 were approximately RMB44.1 million (2018: RMB39.2 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 2019.

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 2019.

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:

Lam Ying Hung Andy *(Chairman)*
Dong Xincheng
Liu Ning

The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2019.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence to the Company and the Company's accountability. The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules for its corporate governance practices during the period under review. In the opinion of the Board, save for the deviation as disclosed below, the Company had complied with the applicable code provisions as set out in the CG Code throughout the six months ended 30 June 2019.

Code provision A.2.1

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. Zhang Wei currently performs duties of both chairman and CEO. The Board believes that vesting the roles of both chairman and CEO has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient strategic planning for the Group.

MODEL CODE FOR SECURITIES TRANSACTIONAS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors confirmed that they had complied with all relevant requirements as set out in the Model Code during the six months ended 30 June 2019.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

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 interim report of the Company for the six months ended 30 June 2019 will be despatched to the Shareholders and published on the respective websites of the HKEx and the Company in due course.

On Behalf of the Board of Directors
Zhang Wei
Executive Chairman and Chief Executive Officer
30 August 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 indentification purpose only*