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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 FULL YEAR FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of WEIYE HOLDINGS LIMITED (the "**Company**") presents the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019, together with the comparative figures, as follows:

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**2019**	2018
		RMB'000	*RMB'000*
Revenue	3	**763,062**	1,778,009
Cost of sales		**(595,446)**	(1,212,151)
Gross profit		**167,616**	565,858
Other income	4	**47,630**	77,687
Selling and distribution expenses		**(46,765)**	(53,459)
Administrative expenses		**(145,929)**	(164,336)
Other operating expenses		**(1,730)**	(9,276)
Results from operating activities		**20,822**	416,474
Net finance costs	5	**(39,505)**	(17,958)
(Loss)/profit before taxation	7	**(18,683)**	398,516
Income tax expense	6	**(38,183)**	(238,185)
(Loss)/profit for the year		**(56,866)**	160,331
(Loss)/profit attributable to:			
Owners of the Company		**(30,890)**	166,378
Non-controlling interests		**(25,976)**	(6,047)
		(56,866)	160,331
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**(4,975)**	(1,426)
Other comprehensive loss for the year, net of income tax		**(4,975)**	(1,426)
Total comprehensive (loss)/income for the year		**(61,841)**	158,905

	Notes	2019	2018
		RMB'000	*RMB'000*
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(34,110)**	164,952
Non-controlling interests		**(27,731)**	(6,047)
Total comprehensive (loss)/income for the year		**(61,841)**	158,905
(Losses)/earnings per share:			
Basic (losses)/earnings per share *(RMB cents)*	8	**(15.75)**	84.83
Diluted (losses)/earnings per share *(RMB cents)*	8	**(15.75)**	84.83

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2019**	2018
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment	9	**80,788**	54,535
Intangible assets		**1,476**	676
Investment properties		**481,000**	467,059
Joint ventures		**110,000**	403,144
Trade and other receivables	10	**123,160**	99,160
Deferred tax assets		**58,398**	29,489
		854,822	1,054,063
Current assets			
Inventories		**20,592**	29,653
Development properties and prepaid costs		**4,755,327**	3,353,320
Contract costs		**77,259**	39,357
Trade and other receivables	10	**1,370,221**	778,003
Contract assets		**663,585**	766,825
Other investments		**19,571**	12,079
Prepaid tax		**138,131**	57,594
Cash and cash equivalents		**981,584**	832,984
		8,026,270	5,869,815
Current liabilities			
Loans and borrowings	13	**1,617,903**	1,618,361
Trade and other payables	11	**1,304,010**	1,587,625
Contract liabilities		**2,741,307**	1,017,136
Income tax payable		**293,446**	247,105
		5,956,666	4,470,227
Net current assets		**2,069,604**	1,399,588

	Notes	2019	2018
		RMB'000	*RMB'000*
Non-current liabilities			
Loans and borrowings	13	**787,369**	420,196
Deferred tax liabilities		**370,188**	284,322
		1,157,557	704,518
Net assets		**1,766,869**	1,749,133
Equity attributable to owners of the Company			
Share capital	12	**359,700**	359,700
Reserves		**1,092,877**	1,126,987
		1,452,577	1,486,687
Non-controlling interests		**314,292**	262,446
Total equity		**1,766,869**	1,749,133

NOTES

1. GENERAL INFORMATION

WEIYE HOLDINGS LIMITED (the "Company") 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 consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2019 but are extracted from those financial statements.

The consolidated financial statements of the Group as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in joint ventures.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") and disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK.

2.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for investment properties and other investments which have been measured at fair value.

2.3 Functional and presentation currency

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 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, 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 (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.

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.

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

	Property development		Equipment manufacturing		Total	
	2019	2018	**2019**	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue:						
External customers	**706,109**	1,726,653	**56,953**	51,356	**763,062**	1,778,009
Inter-segment revenue	**–**	–	**–**	477	**–**	477
Segments results from operating activities	**40,058**	441,029	**(19,236)**	(24,555)	**20,822**	416,474
Interest income	**14,028**	14,031	**271**	320	**14,299**	14,351
Finance costs	**(43,695)**	(24,365)	**(10,109)**	(7,944)	**(53,804)**	(32,309)
Reportable segment (loss)/ profit before income tax					**(18,683)**	398,516
Income tax expense					**(38,183)**	(238,185)
Non-controlling interests					**25,976**	6,047
(Loss)/profit attributable to owners of the Company					**(30,890)**	166,378
Reportable segment assets	**8,794,222**	6,819,560	**86,870**	104,318	**8,881,092**	6,923,878
Reportable segment liabilities	**(4,681,659)**	(3,108,862)	**(27,292)**	(27,326)	**(4,708,951)**	(3,136,188)
Loans and borrowings	**(2,161,574)**	(1,806,691)	**(243,698)**	(231,866)	**(2,405,272)**	(2,038,557)
Total liabilities					**(7,114,223)**	(5,174,745)
Other segment information						
Allowance for impairment loss reversed on trade and other receivables (excluding prepayments) and contract assets	**(2,559)**	(2,772)	**(212)**	88	**(2,771)**	(2,684)
Depreciation of property, plant and equipment	**8,470**	3,822	**4,139**	2,074	**12,609**	5,896
Impairment loss on intangible assets	**–**	–	**–**	3,543	**–**	3,543
Amortisation of intangible assets	**200**	171	**–**	592	**200**	763

Geographical segment

The Group's geographical segments are based on the location of the Group's assets. Revenue 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 years ended 31 December 2019 and 31 December 2018.

	PRC	**Singapore**	**Other countries**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2019				
Revenue	709,816	53,082	164	763,062
Non-current assets*	645,654	5,699	21,911	673,264
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

* Excludes trade and other receivables and deferred tax assets.

4. OTHER INCOME

	2019	2018
	RMB'000	*RMB'000*
Changes in fair value of investment properties	**15,000**	–
Gain on bargain purchase arising from acquisition of a subsidiary	**17,745**	–
Gain on disposal of property, plant and equipment	**525**	35
Gain on disposal of investment properties	**24**	–
Gain on disposal of a joint venture	**4,172**	–
Gain on disposal of other investments	**13**	22
Government grants	**1,213**	–
Net change in fair value on other investments	**(247)**	(2,701)
Compensation income	**878**	69,526
Rental income	**4,010**	4,418
Others	**4,297**	6,387
	47,630	77,687

5. NET FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
Interest income	**14,299**	14,351
Interest expenses	**(286,865)**	(199,232)
Interest on lease liabilities	**(335)**	–
Others	**(457)**	(1,865)
Finance expenses, net	**(273,358)**	(186,746)
Finance costs capitalised in development properties	**233,853**	168,788
Net finance costs recognised in profit or loss	**(39,505)**	(17,958)

6. INCOME TAX EXPENSE

	2019	2018
	RMB'000	*RMB'000*
Current tax expense		
– Current year income tax	**71,351**	122,057
– Overprovision of income tax in respect of prior years	**–**	(206)
	71,351	121,851
Deferred tax (credit)/expense		
– Origination and reversal of temporary differences	**(101,597)**	(16,081)
– Witholding tax on the profits of the Group's PRC subsidiaries	**9,695**	24,111
	(91,902)	8,030
Land appreciation tax expense		
– Land appreciation tax	**58,734**	108,304
Total tax expense	**38,183**	238,185

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. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging/(crediting) the following:

	2019 ***RMB'000***	2018 *RMB'000*
Audit fees paid/payable	**2,025**	3,871
Non-audit fees paid/payable	**–**	211
Amortisation of intangible assets	**200**	763
Impairment loss on intangible assets	**–**	3,543
Allowance for impairment loss reversed on trade and other receivables	**(16)**	(4,153)
Allowance for impairment loss (reversed)/made on contract assets	**(2,755)**	1,469
Depreciation of property, plant and equipment	**12,609**	5,896
(Gain)/loss on disposal of investment properties	**(24)**	331
Changes in fair value of investment properties	**(15,000)**	–
Raw materials, changes in finished goods and work-in-progress recognised	**42,149**	34,750
Operating lease expenses	**–**	1,661
Property, plant and equipment written off	**764**	113
Inventory written off	**195**	1,748

8. (LOSSES)/EARNINGS PER SHARE

The following tables reflect the (loss)/profit and share data used in the computation of basic and diluted (losses)/earnings per share for the years ended 31 December:

	2019	2018
(Losses)/earnings per share is based on		
(Loss)/profit for the year attributable to owners of the Company *(RMB'000)*	**(30,890)**	166,378
Weighted average number of ordinary share *('000)*	**196,133**	196,133
Basic and diluted (losses)/earnings per share *(RMB cents)*	**(15.75)**	84.83

Basic (losses)/earnings per share is calculated on the Group's (loss)/profit for the financial year attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

Diluted (losses)/earnings per share is calculated on the same basis as basic (losses)/earnings per share as the Group did not issue dilutive instruments.

9. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately RMB4.9 million (2018: RMB5.5 million) on the acquisition of property, plant and equipment.

Upon adoption of IFRS 16, right-of-use assets of RMB40,854,000 (see note 17) were included in the carrying amount of property, plant and equipment.

10. TRADE AND OTHER RECEIVABLES

Trade receivables of the Group are non-interest bearing and are normally settled between 30 and 180 days (2018: between 30 and 180 days). They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

The ageing of trade receivables at the reporting date, based on due date, is as follows:

	Gross 2019 *RMB'000*	**Impairment losses 2019 *RMB'000***	Gross 2018 *RMB'000*	Impairment losses 2018 *RMB'000*
Neither past due nor impaired	**7,760**	**(32)**	23,229	(20)
Past due 1 – 30 days	**3,276**	**(19)**	3,760	(50)
Past due 31 – 60 days	**2,377**	**(22)**	2,075	(45)
Past due 61 – 90 days	**2,644**	**(44)**	1,394	(60)
Past due more than 90 days	**6,796**	**(1,083)**	8,402	(1,237)
	22,853	**(1,200)**	38,860	(1,412)

Trade receivables that are past due

As at 31 December 2019, the Group had trade receivables that are past due amounting to RMB13,925,000 (31 December 2018: RMB14,239,000). Included in these trade receivables are amounts of RMB11,521,000 and RMB2,404,000 (31 December 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.

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

	2019	2018
	RMB'000	*RMB'000*
Not past due	**504,854**	443,648
Past due 1 – 30 days	**2,185**	2,054
Past due 31 – 60 days	**8,583**	522
Past due 61 – 90 days	**28**	70,159
Past due more than 90 days	**13,640**	23,438
	529,290	539,821

12. SHARE CAPITAL

		No of shares
	RMB'000	***'000***
Fully paid ordinary shares, with no par value		
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. All shares rank equally with regard to the Company's residual assets.

During the year ended 31 December 2019, there were no share options issued by the Company.

13. LOANS AND BORROWINGS

	2019			2018		
	Secured	**Unsecured**	**Total**	Secured	Unsecured	Total
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Amount repayable in one year or less, or on demand	**1,476,232**	**141,671**	**1,617,903**	1,618,117	244	1,618,361
Amount repayable after one year	**763,000**	**24,369**	**787,369**	419,815	381	420,196
Total loans and borrowings			**2,405,272**			2,038,557

Details of any collateral

In 2019, loans and borrowings for the Group include banker's acceptance, lease liabilities, bank overdrafts, bank loans, loans from trust finance company and other loans (2018: bank acceptance, finance lease liabilities, bank overdrafts, bank loans and loans from trust finance company). The loans and borrowings, excluding lease liabilities and other loans, 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.

14. DIVIDEND

The Board did not declare or recommend any dividend for the year ended 31 December 2019 (2018: RMB nil).

15. CAPITAL COMMITMENT

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

	2019	2018
	RMB'000	*RMB'000*
Development expenditures authorised and contracted for	**1,127,373**	621,610

16. CONTINGENT LIABILITIES

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

	2019	2018
	RMB'000	*RMB'000*
Guarantees granted to financial institutions on behalf of purchasers of property units	**2,387,549**	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.

17. ADOPTION OF NEW/REVISED IFRSs

The Group has adopted all the new and amended IFRSs which are effective for the Group's accounting periods beginning on or after 1 January 2019 and throughout the year ended 31 December 2019.

- IFRS 16 Leases ("IFRS 16"); and
- IFRIC 23 Uncertainty over Income Tax Treatments ("IFRIC 23")

The Group adopted IFRS 16 and IFRIC 23 with a transition date of 1 January 2019. The Group has chosen not to restate comparatives on adoption of both standards, and therefore, the revised requirements are not reflected in the prior year consolidated financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 January 2019) and recognised in the opening equity balances. Details of the impact these two standards have had are given below. Other new and amended standards and Interpretations issued by the IASB did not impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

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. The Group also has lease contract for land use right which was previously recognised as property, plant and equipment, properties under development and properties held for sale. 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 consolidated statement of cash flows by the Group.

Right-of-use assets relating to operating leases and prepaid lease payments in respect of the land use right is currently recognised as right-of-use assets upon application of IFRS 16 and are included in the same line item as property, plant and equipment as that within which the corresponding assets.

Right-of-use assets related to interests in leasehold land where the interest in the land is held as properties under development and properties held for sale are included in the same item as properties under development and properties held for sale as that within the corresponding assets.

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	
Office premises	7,934
Liabilities	
Increase in loans and borrowings	
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
Less: Future interest expenses	(446)
Add: Finance lease liabilities as at 31 December 2018	625
Total lease liabilities as at 1 January 2019	8,559

Amounts recognised in the consolidated financial statements

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

	Right-of-use assets *RMB'000*	Lease liabilities *RMB'000*
At 31 December 2018	–	625
Recognise upon application of IFRS 16	7,934	7,934
Right-of-use assets included in property, plant and equipment	12,854	–
At 1 January 2019	20,788	8,559
Additions	28,680	28,300
Depreciation	(8,742)	–
Interest expense	–	335
Lease payments	–	(5,714)
Foreign exchange movements	128	95
At 31 December 2019	40,854	31,575
Analysed for the reporting purpose as:		
Non-current	40,854	24,369
Current	–	7,206
	40,854	31,575

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation requires:

- The Group to determine whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- The Group to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

The Group elected to apply IFRIC 23 retrospectively with the cumulative effect recorded in retained earnings as at the date of initial application, 1 January 2019. There was no impact in the adoption in the Group's retained earnings.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

	2019 *RMB'000*	2018 *RMB'000*	% change +/(-)
Property Development			
Revenue	706,109	1,726,653	-59%
Cost of sales	(553,297)	(1,177,401)	-53%
Gross profit	152,812	549,252	
Gross Profit Margin	22%	32%	
Equipment Manufacturing			
Revenue	56,953	51,356	11%
Cost of sales	(42,149)	(34,750)	21%
Gross profit	14,804	16,606	
Gross Profit Margin	26%	32%	

Revenue and Gross Profit Margin ("GP Margin")

Property development business

During the year, there was a significant drop in our total net saleable floor area ("NSFA") handed over to customers to approximately 80,285 square meters (2018: 197,012 square meters). This was mainly due to a delay on handover of Weiye Meiyue Wan project to customers.

Revenue from property development business for the year ended 31 December 2019 was mainly from the following projects, namely Chuangshiji Plaza, Weiye Central Park and Weiye Shangcheng Yihaoyuan & Erhaoyuan, which contributed approximately RMB391.5 million, RMB129.5 million and RMB59.3 million respectively.

The gross profit ("GP") of the property development business for the current year amounted to approximately RMB152.8 million, a decrease of approximately 72% from the same period in the previous year. The GP margin dropped by 10% as compared to 2018 mainly due to lower GP margin for Chuangshiji Plaza project.

Equipment manufacturing business

This segment recorded a revenue of approximately RMB57.0 million in the current year which represented 11% increase when compared with the last year. This was mainly due to increase in revenue for heating, ventilation and air conditioning products and cleanroom equipment, while it continuously heightening of the property control measures in China, as well as sluggish conditions in the Asia Pacific construction markets, resulting in a drop in the sales of air purification products during the year under review.

This in turn resulted in 11% decline in our gross profit to approximately RMB14.8 million, as compared to the last year. Despite an increase in the revenue, the GP margin for equipment manufacturing business dropped from 32% to 26%, mainly due to increasing of operating cost.

Other income

Other income decreased by approximately 39% in this year, primarily due to drop in the compensation income by approximately RMB68.6 million when compared with the last year. In 2018, there is a compensation income of RMB68.4 million received by Henan Meiyuan Co., Ltd ("Henan Meiyuan") for termination of a joint development project. It was being set off by a gain on bargain purchase arising from acquisition of a subsidiary with approximately RMB17.7 million and fair value changes of investment properties with RMB15.0 million recorded for the current year.

Selling and distribution expenses

Selling and distribution expenses amounted to approximately RMB46.8 million in the current year, represented a decrease of 13%. This was mainly due to increase in salaries of new property projects, namely Taihu Tiancui and Yuediwan, with approximately RMB4.4 million and offset with the decrease in promotional and marketing related costs with RMB14.1 million as a result of decrease in revenue from property development for the current year.

Administrative expenses

Administrative expenses for the current year was approximately RMB145.9 million, which was 11% lower than the same period in the previous year. It was mainly due to higher professional fee incurred last year as a result of the Group's delisting action from the Mainboard of Singapore Exchange Securities Trading Limited in 2018.

Net finance costs

Net finance costs was reported in 2019 at approximately RMB39.5 million, representing an increase of 120%, this was mainly increase in loans and borrowings during the year.

Taxation

The significant drop in income tax expense for the current year was mainly due to lower provision of corporate income tax by approximately RMB50.7 million as a result of significant drop in profit during the year under review and lower provision of land appreciation tax by approximately RMB49.6 million as a result of significant drop in revenue from property development in current year.

Review of Financial Position

The decrease in joint ventures of approximately RMB293.1 million was mainly due the disposal of Zhengzhou Daimashi Enterprise Co., Ltd. ("Daimashi') during the year.

The increase in development properties and prepaid cost of approximately RMB1,402.0 million was mainly due to the acquisition of land of Weiye Shangcheng Sanhaoyuan and acquisition of Chuangshiji Plaza project during the year, and the progressive construction costs incurred on property development projects including Weiye Meiyue Wan, Weiye Lanting Wan, Taihu Tiancui, Yuejiangwan and Yuediwan.

The increase in trade and other receivables (current assets) of approximately RMB592.2 million was mainly due to prepayment for acquisition of property development project in Huizhou of approximately RMB350.0 million and prepayment for acquisition of parcel of land located in Hangzhou of approximately RMB244.7 million.

The decrease in the contract assets by approximately RMB103.2 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 trade and other payables of approximately RMB283.6 million was mainly due to settlement of amount due to Daimashi during the year.

The increase in contract liabilities by approximately RMB1,724.2 million was mainly due to advance receipts for the presale of development properties such as Taihu Tiancui, Yuejiangwan, Yuediwan and Weiye Meiyue Wan in the current year.

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

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2019, the Group's net current assets amounted to approximately RMB2,069.6 million, an increase of 47.9% as compared to 2018, this was mainly due to increase in development properties and prepaid cost, trade and other receivables and prepaid tax of approximately RMB2,074.8 million, partially offset by increase in contract liabilities of approximately RMB1,724.2 million.

Our bank and other borrowings are denominated in RMB, Singapore Dollar ("SGD"), Hong Kong Dollar and Malaysia Ringgit. As at 31 December 2019, our total outstanding loans and borrowings amounted to approximately RMB2,405.3 million.

NET GEARING RATIO

Net gearing ratio is calculated based on our total debt less cash and cash equivalents divided by total equity. Total debt includes interest bearing loans and borrowings. As at 31 December 2019, the Group had net gearing ratio of 81% (31 December 2018: 69%).

FOREIGN EXCHANGE EXPOSURE

The Group's property development and equipment manufacturing businesses are principally conducted in RMB and SGD, which are the functional currencies of the respective subsidiaries of the Group. Most of the Group's monetary assets and liabilities are denominated in RMB and SGD. Our business operations do not involve much of international transactions.

Accordingly, the management considers that the Group's exposure to foreign currency risk is not significant and hence the Group does not employ any financial instruments for hedging purposes.

OUTBREAK OF THE NOVEL CORONAVIRUS EPIDEMIC

Since the Spring Festival, the outbreak of the novel coronavirus epidemic ("Epidemic") across the world will have a certain impact on the global economy, including the PRC. The epidemic will also have a certain impact on the Group, specifically depending on the epidemic's duration and the development trend. In accordance with the current situation, as the first quarter of 2020 focused on the acquisition of land resources, there was no major project construction and sales, and the Group had sufficient working capital, the epidemic did not have any significant impact on the financial position of the Group in the first quarter of 2020. In addition, the Group will adopt a more proactive strategy of sales to adjust marketing plans and strategies in a timely manner, which accelerates marketing reform. Meanwhile, continuously strengthening the cash flow management, speeding up payment collection and destocking will increase capital turnover and ensure stable cash flow.

STRATEGY AND OUTLOOK

Under stern real estate policies, financial policies, and market conditions in the PRC, we will conduct in-depth analysis on national and industry policies and accurate analysis on the market development prospects, and accurately capture the industry development trends. In the spirit of "healthy development", "sustainable development" and "risk prevention", we will optimize our internal structure and attract external investments to promote the healthy and efficient business development of the Group.

In terms of operation details, the Group's development direction will focus on both the industrial real estate and traditional property. Taking into consideration the development features across various regions, the Group will pursue business transformation to achieve the three-pronged development of our project operations in the "short, medium, and long" aspects, and keep risks under control, which will in return render support to the health and sustainability of the Group.

In terms of financing, the Group will continue to explore innovative ways to diversify our financing channels, and strive to create new financing channels to support the future large-scale development of the Group.

In terms of cost control, we will further improve standardization of product design, cost management, and resource library development. With product configuration in line with project positioning, we will exercise product quality control and product cost optimization to maximize the Group's benefits.

In terms of project expansion, in making full use of the leverage of funds, we consider projects from multiple dimensions such as equity cooperation, independent development, project agent-construction, and equity transfer, and carry out project investment and extension for the purposes of maximizing benefits.

In terms of team building, by emphasizing on our corporate culture of team spirits, synergy, hardworking and diligence, we shall continue to strengthen the quality of our work force, acquire and retain talents, train and equip our staff with the right skills and knowledge in order to achieve and scale greater heights together.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, there were 478 employees (2018: 403) in the Group.

Total employee benefits expenses of the Group (including Directors' fee) for the year ended 31 December 2019 were approximately RMB85.0 million (2018: RMB73.9 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 for the year ended 31 December 2019.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2019, the Group acquired 37.5% equity interest in Hunan Jingke Property Co., Ltd. at the consideration of RMB30.0 million. Except for the above, there was no other material acquisition and disposal of subsidiaries by the Group during the year ended 31 December 2019.

AUDIT COMMITTEE

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

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

The Group's annual results for the year ended 31 December 2019 had been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

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 2019, 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. 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 2019.

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 year ended 31 December 2019 (2018: RMB nil).

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company will be held on a date to be fixed by the Board. Further announcement(s) will be made in respect of date of the annual general meeting of the Company and book closure date.

SCOPE OF WORK OF BDO LIMITED

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

PUBLICATION OF ANNUAL REPORT

This 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 year ended 31 December 2019 will be despatched to the shareholders of the Company and published on the respective websites of the HKEX and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt appreciation to our management team and all employees for the dedication and value they bring to the Group. I would also like to constantly extend my heartfelt gratitude to all our shareholders and strategic partners for your unwavering trust and relentless support all these years. As we forge forward to our next growth phase, we will strive to constantly innovate and rise above the challenges ahead, to achieve sustainable growth.

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

Hong Kong, 25 March 2020

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.