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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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The Board of Directors (the “**Board**”) of Weiye Holdings Limited (the “**Company**”) hereby announces the unaudited results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021. This announcement, containing the full text of the interim report of the Company for the six months ended 30 June 2021 (the “**2021 Interim Report**”), complies with the relevant requirements of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcements of interim results.



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(Incorporated in the Republic of Singapore with limited liability)

Hong Kong Stock Code: 1570

2021

INTERIM REPORT

中期報告



** For identification purpose only*

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Zhang Wei (*Executive Chairman and Chief Executive Officer*)
Chen Zhiyong (*Chief Operating Officer*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Liu Ning
Dong Xincheng
Lam Ying Hung Andy

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

Shirley Tan Sey Liy (ACG, ACS)
Man Yun Wah (ACG, ACS)

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

33th Floor, Building No.1, Fangdacheng
Longzhu Forth Road No.2, Nanshan District
Shenzhen City, Guangdong Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 912, 9/F, Two Harbourfront
22 Tak Fung Street, Hunghom, Kowloon
Hong Kong

REGISTERED OFFICE

100H Pasir Panjang Road #01-01
OC@Pasir Panjang
Singapore 118524

AUDITORS

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

China Construction Bank (Henan Branch)
80 Garden Road, Zhengzhou City
Henan Province
The PRC 450003

China Construction Bank (Hainan Branch)
Jian Hang Building, Guo Mao Main Road
Haikou City, Hainan Province
The PRC 570125

Shanghai Pudong Development Bank
(Shenzhen Branch)
1st Floor, Futian CBD, Fuhua
3rd Road, Futian Qu, Shenzhen City
Guangdong Province
The PRC 518048

United Overseas Bank Ltd
80 Raffles Place
UOB Plaza
Singapore 048624

FINANCIAL HIGHLIGHTS

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

The board (the “Board”) of directors (the “Directors”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021, together with the comparative figures for the six months ended 30 June 2020.

Financial Highlights

| | Unaudited six months ended 30 June | |
|--|------------------------------------|-----------------|
| | 2021 RMB'000 | 2020 RMB'000 |
| Revenue | 558,933 | 52,570 |
| Gross profit | 52,702 | 5,789 |
| Loss attributable to owners of the Company | (90,055) | (90,482) |
| Loss per share (RMB cents) | (45.92) | (46.13) |

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

| | Unaudited six months ended 30 June | |
|--------------------------------|------------------------------------|-----------------|
| | 2021 RMB'000 | 2020 RMB'000 |
| Property Development | | |
| Sales | 521,668 | 36,926 |
| Cost of sales | (478,498) | (33,129) |
| Gross profit | 43,170 | 3,797 |
| Gross Profit Margin | 8% | 10% |
| Equipment Manufacturing | | |
| Sales | 37,265 | 15,644 |
| Cost of sales | (27,733) | (13,652) |
| Gross profit | 9,532 | 1,992 |
| Gross Profit Margin | 26% | 13% |

Revenue and Gross Profit Margin ("GP Margin")

Property development business

Property development sales increased significantly from approximately RMB36.9 million for the six months ended 30 June 2020 to approximately RMB521.7 million for the six months ended 30 June 2021 as compared with the corresponding period of 2020 due to higher net saleable floor area ("NSFA") handed over to customers during the six months ended 30 June 2021. Total NSFA handed over to customers for the current period amounted to approximately 62,758 sqm (2020: 5,488 sqm).

Revenue from property development business was mainly from the following projects, namely Yuejiangwan, Yuediwan and Taihu Tiancui, which contributed approximately RMB240.3 million, RMB106.9 million and RMB135.0 million respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

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

Property development business (Continued)

The gross profit ("GP") margin of property development business for the six months ended 30 June 2021 was 8% mainly due to the sales of Yuejiangwan and Yuediwan during the period under review are mainly related to the sales for the resettlement residents which the selling price is limited at a pre-determined discount price and the sales of property development business recognized during the six months ended 30 June 2021 are also included unsold units of the projects which were sold at lower price.

Equipment manufacturing business

The sales of equipment manufacturing business comprised clean room equipment ("CRE"), air purification integrated solutions, Heating, Ventilation and Air Conditioning ("HVAC") equipment. The equipment manufacturing business saw significant improvement from the first half of 2020 wherein the business was affected by the lockdowns due to the COVID-19 pandemic. Also, in second half of 2020, the Group expanded its business to the supply and/or installation for smart doors and windows in the People's Republic of China (the "PRC") through on acquisition of subsidiaries. Thus, the overall revenue of the equipment manufacturing business increased significantly by approximately 138% from approximately RMB15.6 million for the six months ended 30 June 2020 to approximately RMB37.3 million for the six months ended 30 June 2021.

The GP margin for equipment manufacturing business for the six months ended 30 June 2021 was approximately 26%, which was higher than the corresponding period of 2020 mainly due to an increase in business activities as compared to the corresponding period of 2020, the GP margin had normalised to pre-Covid level.

Selling and distribution expenses

Selling and distribution expenses for the six months ended 30 June 2021 were approximately 25% higher than the corresponding period of 2020 mainly due to additional selling and distribution expenses incurred for Weiye Shangcheng Sanhaoyuan, Yuediwan and Sunlight Mansion during the six months ended 30 June 2021.

Administrative expenses

Administrative expenses for the six months ended 30 June 2021 were increased by approximately 10% as compared to the corresponding period of 2020 mainly due to additional administrative expenses incurred for new industrial real estate sector as compared with the corresponding period of 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Net finance costs

| | Unaudited six months ended 30 June | |
|-------------------------------|------------------------------------|-----------------|
| | 2021 RMB'000 | 2020 RMB'000 |
| Interest expense | (30,969) | (26,858) |
| Interest on lease liabilities | (683) | (651) |
| Interest income | 6,939 | 3,017 |
| Net finance costs | (24,713) | (24,492) |

Interest expense for the six months ended 30 June 2021 was higher than the corresponding period of 2020 which was mainly due to an increase in finance costs which could not be capitalised in development properties during the six months ended 30 June 2021.

Interest income for the six months ended 30 June 2021 was higher than the corresponding period of 2020 which was mainly due to an increase in interest income from bank deposits during the six months ended 30 June 2021.

Taxation

Tax expenses for the six months ended 30 June 2021 amounted to approximately RMB5,582,000 (2020: tax credit of RMB11,151,000) which was mainly due to higher provision of corporate income tax of approximately RMB11.3 million as a result of significant increase in revenue during the six months ended 30 June 2021, set off with the reversal of deferred tax expense of approximately RMB5.8 million during the six months ended 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Review of Financial Position

Investment in joint ventures mainly represented 51% equity interest in Hanfang Yaoye of RMB110.0 million. In March 2021, the partners of Deqing Fengjing Enterprise Management Partnership (Limited Liability Partnership) ("Deqing Fengjing"), the then associate of the Group, exited its investment in Hangzhou Junwei Real Estate Co., Ltd. ("Hangzhou Junwei"), the then subsidiary of Deqing Fengjing and a company whose principal activity is property development and owned Sunlight Mansion, in accordance with the co-operation agreement dated 21 January 2020. Accordingly, Deqing Fengjing ceased to have any interest in Hangzhou Junwei which then became a subsidiary of the Group.

The increase in development properties and prepaid costs of approximately RMB754.0 million was mainly due to newly include Sunlight Mansion property project and the progressive construction costs incurred on property development projects like for Weiye Shangcheng Sanhaoyuan, Fujian Tianzhi and Fujian Tianjue during the six months ended 30 June 2021.

Contract costs relating 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 six months ended 30 June 2021, the contract costs increased by approximately RMB12.4 million mainly due to capitalisation of sales commission paid for sales of Weiye Shangcheng Sanhaoyuan, Weiye Lanting Wan, Yuejiangwan, Yuediwan and Sunlight Mansion.

The increase in contract liabilities of approximately RMB564.2 million was mainly due to advance receipts for the presale of development properties such as Weiye Shangcheng Sanhaoyuan, Weiye Lanting Wan, Yuejiangwan and Sunlight Mansion during the six months ended 30 June 2021.

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2021, the Group's net current assets amounted to approximately RMB1,794.7 million, which was increased by 1.5% as compared to 31 December 2020, this was mainly due to an increase in development properties and prepaid costs of approximately RMB754.0 million, partially offset by increase in contract liabilities of approximately RMB564.2 million and increase in loans and borrowings – current liabilities of approximately RMB279.9 million. Bank and other borrowings are mainly denominated in Renminbi ("RMB"), Hong Kong Dollar ("HKD"), United States Dollar ("USD") and Malaysia Ringgit. As at 30 June 2021, the total outstanding loans and borrowings amounted to approximately RMB2,122.5 million and cash and cash equivalents amounted to approximately RMB880.5 million. Particulars of loans and borrowings of the Group as at 30 June 2021 are set out in Note 12 to the condensed consolidated financial statements for the six months ended 30 June 2021.

PROSPECTS

The outbreak of COVID-19 has been continuing to spread in 2021 and the appearance of variants of the virus in certain countries has escalated uncertainties to the global economy. However, the epidemic was relatively under control in the PRC. It is expected that the global economic will be rebound until vaccination programs are thoroughly available and accessible around the world.

Looking ahead, the Group is prudently optimistic on the property market in the coming year, at the same time cautious of the economic uncertainties brought by the continual outbreak of COVID-19. The increasingly tightened policies for the traditional property market and dynamics of industrial development, which may continuously affect the business operations of the Group in the foreseeable future. The Group will make active responses to the changing market, by pursuing the "real estate + industry" development strategy to push forward with business transformation and upgrade, for further strengthening the Group's long term development.

DISCLOSURE OF INTERESTS

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

As at 30 June 2021, the interests or short positions of each Director and Chief Executive of the Company in the shares, underlying shares or debentures of the Company or its any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of the Company (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange to be notified to the Company and the Stock Exchange were as follows:

| Name of Director | Capacity/ Nature of interest | Number of securities | Approximate percentage of interest |
|-------------------------|---|---------------------------------|---|
| Zhang Wei | Beneficial Interest | 91,029,648 (L) | 46.41% |
| | Controlled corporation (Note) | 15,792,290 (L) | 8.05% |
| Chen Zhiyong | Beneficial Interest | 40,240,256 (L) | 20.52% |

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

(L) denotes long position

Save as disclosed above, as at 30 June 2021, none of the Directors or Chief Executive Officer of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS

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

As at 30 June 2021, the persons (other than the Directors and chief executive of the Company) or entities who have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

| Name of Substantial Shareholders | Capacity/ Nature of interest | Number and class of securities | Approximate percentage of interest |
|---|---|---|---|
| Fine Skill Holdings Limited | Beneficial interest | 15,792,290 (L) | 8.05% |

(L) denotes long position

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any other persons (other than the Directors and chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, there were 497 (2019: 514) employees in the Group. Total employee benefits expenses of the Group (including Directors' fee) for the six months ended 30 June 2021 were approximately RMB47.9 million (2020: RMB48.0 million). Staff remuneration packages are determined based on each employee's qualifications, experience, position and seniority. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and Group's results of operations.

SIGNIFICANT INVESTMENTS HELD

Except for investment in subsidiaries and joint ventures, the Group did not hold any significant investment in equity interest in any other company during the six months ended 30 June 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this report, there was no material acquisition and disposal of subsidiaries by the Group during the six months ended 30 June 2021.

NET GEARING RATIO

Net gearing ratio is calculated based on our total debt less cash and cash equivalents divided by total equity. Total debt includes interest bearing loans and borrowings. As at 30 June 2021, our Group had net gearing ratio of approximately 64% compared to that of approximately 55% as at 31 December 2020. Details of the net gearing ratio are set out in Note 19 to the condensed consolidated financial statements for the six months ended 30 June 2021.

FOREIGN EXCHANGE EXPOSURE

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

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in Note 18 to the condensed consolidated financial statements for the six months ended 30 June 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE CAPITAL

Details of the Company's issued share capital during the six months ended 30 June 2021 are set out in Note 13 to the condensed consolidated financial statements for the six months ended 30 June 2021. There were no movement in the Company's issued share capital during the six months ended 30 June 2021.

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 six months ended 30 June 2021. 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 2021.

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.

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

There was no purchase, redemption or sale of listed securities of the Company during the six months ended 30 June 2021.

COMPETITION AND CONFLICT OF INTERESTS

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

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

Lam Ying Hung Andy (*Chairman*)

Dong Xincheng

Liu Ning

The Audit Committee has reviewed the Group's consolidated results for the six months ended 30 June 2021.

CHANGES OF INFORMATION OF DIRECTORS

Save as disclosed in this interim report, there was no change in Directors' information that was required to be disclosed in accordance with Rule 13.51B(1) of the Listing Rules since the publication of the annual report for the year ended 31 December 2020 of the Company and up to the date of this report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all the Directors, and the Directors confirmed that they had complied with all relevant requirements as set out in the Model Code during the six months ended 30 June 2021.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The consolidated results of the Group for the six months ended 30 June 2021 have not been audited or reviewed by the auditors of the Company.

By order of the Board

Weiyee Holdings Limited

Zhang Wei

Executive Chairman and Chief Executive Officer

Hong Kong, 27 August 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | Six months ended 30 June | |
|---------------------------------------|------|--------------------------------|--------------------------------|
| | | 2021 RMB'000 (unaudited) | 2020 RMB'000 (unaudited) |
| Revenue | 4 | 558,933 | 52,570 |
| Cost of sales | | (506,231) | (46,781) |
| Gross profit | | 52,702 | 5,789 |
| Other income | 5 | 12,358 | 6,670 |
| Selling and distribution expenses | | (28,135) | (22,539) |
| Administrative expenses | | (91,007) | (82,917) |
| Other operating expenses | | (498) | (248) |
| Share of loss from joint ventures | | (987) | — |
| Results from operations | | (55,567) | (93,245) |
| Net finance costs | 6 | (24,713) | (24,492) |
| Loss before taxation | 8 | (80,280) | (117,737) |
| Tax (expense)/credit | 7 | (5,582) | 11,151 |
| Loss for the period | | (85,862) | (106,586) |
| (Loss)/profit attributable to: | | | |
| Owners of the Company | | (90,055) | (90,482) |
| Non-controlling interests | | 4,193 | (16,104) |
| Loss for the period | | (85,862) | (106,586) |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | Six months ended 30 June | |
|--|------|--------------------------------|--------------------------------|
| | | 2021 RMB'000 (unaudited) | 2020 RMB'000 (unaudited) |
| Other comprehensive income | | | |
| Foreign currency translation differences | | | |
| – foreign operations | | 4,134 | 3,187 |
| Total other comprehensive income for the period, net of tax | | 4,134 | 3,187 |
| Total comprehensive loss for the period | | (81,728) | (103,399) |
| Total comprehensive (loss)/income attributable to: | | | |
| Owners of the Company | | (85,921) | (87,075) |
| Non-controlling interests | | 4,193 | (16,324) |
| | | (81,728) | (103,399) |
| Loss per share: | | | |
| Basic loss per share (RMB cents) | 15 | (45.92) | (46.13) |
| Diluted loss per share (RMB cents) | 15 | (45.92) | (46.13) |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | 30 June 2021 RMB'000 (unaudited) | 31 December 2020 RMB'000 (audited) |
|--|------|---|---|
| Non-current assets | | | |
| Investment properties | | 479,980 | 478,000 |
| Property, plant and equipment | 9 | 74,128 | 84,564 |
| Intangible assets | | 1,129 | 1,256 |
| Joint ventures | | 112,940 | 357,950 |
| Trade and other receivables | | 192,160 | 192,160 |
| Deferred tax assets | | 47,408 | 42,923 |
| | | 907,745 | 1,156,853 |
| Current assets | | | |
| Development properties and prepaid costs | | 5,093,095 | 4,339,069 |
| Inventories | | 21,846 | 17,281 |
| Contract costs | 22 | 51,478 | 39,054 |
| Trade and other receivables | 10 | 543,619 | 628,654 |
| Contract assets | 22 | 659,092 | 660,736 |
| Prepaid tax | | 87,628 | 69,032 |
| Other investments | | 5,200 | 9,000 |
| Cash and cash equivalents | | 880,490 | 876,548 |
| | | 7,342,448 | 6,639,374 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | 30 June 2021 RMB'000 (unaudited) | 31 December 2020 RMB'000 (audited) |
|---|------|---|---|
| Current liabilities | | | |
| Trade and other payables | 11 | 1,565,075 | 1,641,790 |
| Contract liabilities | 22 | 1,906,892 | 1,342,697 |
| Loans and borrowings | 12 | 1,733,200 | 1,453,322 |
| Income tax payable | | 342,553 | 433,519 |
| | | 5,547,720 | 4,871,328 |
| Net current assets | | | |
| | | 1,794,728 | 1,768,046 |
| Non-current liabilities | | | |
| Loans and borrowings | 12 | 389,307 | 532,286 |
| Deferred tax liabilities | | 378,293 | 376,012 |
| | | 767,600 | 908,298 |
| Net assets | | | |
| | | 1,934,873 | 2,016,601 |
| Equity | | | |
| Share capital | 13 | 359,700 | 359,700 |
| Reserves | | 1,027,523 | 1,113,444 |
| Equity attributable to owners of the Company | | | |
| Non-controlling interests | | 547,650 | 543,457 |
| Total equity | | | |
| | | 1,934,873 | 2,016,601 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Six months ended 30 June | |
|--|--------------------------------|--------------------------------|
| | 2021 RMB'000 (unaudited) | 2020 RMB'000 (unaudited) |
| Cash flows used in operations | (27,998) | (269,996) |
| Income tax paid | (93,353) | (31,116) |
| Net cash flows used in operating activities | (121,351) | (301,112) |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment | (1,820) | (3,156) |
| Proceeds from disposal of property, plant and equipment | 910 | 1,542 |
| Interest received | 6,939 | 3,017 |
| Acquisition of intangible assets | (57) | (366) |
| Purchases of other investments | (6,000) | (9,000) |
| Purchase of investment property | (1,980) | – |
| Investment in joint venture | (2,940) | – |
| Proceeds from disposal of other investments | 10,028 | 21,195 |
| Proceeds from disposal of subsidiary | 35,000 | – |
| Net cash flows generated from investing activities | 40,080 | 13,232 |
| Cash flows from financing activities: | | |
| Decrease in amount due to non-controlling interests (non-trade) | (9,006) | (52,102) |
| (Increase)/decrease in restricted cash | (22,757) | 54,170 |
| Repayment of finance leases obligations | (577) | (520) |
| Repayment of principal portion of lease liabilities | (6,263) | (3,654) |
| Interest paid | (30,969) | (26,858) |
| Repayment of loans and borrowings | (603,292) | (613,407) |
| Proceeds from loans and borrowings | 755,833 | 858,358 |
| Net cash flows generated from financing activities | 82,969 | 215,987 |
| Net increase/(decrease) in cash and cash equivalents | 1,698 | (71,893) |
| Cash and cash equivalents at beginning of financial period | 344,600 | 384,041 |
| Effects of exchange rate fluctuations on cash held | (344) | (174) |
| Cash and cash equivalents in condensed consolidated statement of cash flows | 345,954 | 311,974 |
| Additional information: | | |
| Cash and cash equivalents | 880,490 | 859,660 |
| Less: Restricted cash | (530,075) | (538,888) |
| Less: Bank overdraft | (4,461) | (8,798) |
| Total cash and cash equivalents in condensed consolidated statement of cash flows | 345,954 | 311,974 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | | | Total equity RMB'000 |
|---|---------------------------------------|---------------------------|-----------------------------|---|------------------------------|------------------------------|------------------|--------------------------------------|-------------------------|
| | Share capital RMB'000 | Merger reserve RMB'000 | Capital reserves RMB'000 | Foreign currency translation reserve RMB'000 | Statutory reserve RMB'000 | Retained earnings RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | |
| At 1 January 2020 | 359,700 | (59,669) | (550) | (21,851) | 125,500 | 1,049,447 | 1,452,577 | 314,292 | 1,766,869 |
| Total comprehensive loss for the period | | | | | | | | | |
| Loss for the period | - | - | - | - | - | (90,482) | (90,482) | (16,104) | (106,586) |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation differences – foreign operations | - | - | - | 3,407 | - | - | 3,407 | (220) | 3,187 |
| Total comprehensive loss for the period | - | - | - | 3,407 | - | (90,482) | (87,075) | (16,324) | (103,399) |
| At 30 June 2020 | 359,700 | (59,669) | (550) | (18,444) | 125,500 | 958,965 | 1,365,502 | 297,968 | 1,663,470 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | | | |
|---|---------------------------------------|----------------|------------------|--------------------------------------|-------------------|-------------------|-----------|---------------------------|--------------|
| | Share capital | Merger reserve | Capital reserves | Foreign currency translation reserve | Statutory reserve | Retained earnings | Total | Non-controlling interests | Total equity |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2021 | 359,700 | (59,669) | (550) | (24,564) | 123,427 | 1,074,800 | 1,473,144 | 543,457 | 2,016,601 |
| Total comprehensive loss for the period | | | | | | | | | |
| Loss for the period | - | - | - | - | - | (90,055) | (90,055) | 4,193 | (85,862) |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation differences – foreign operations | - | - | - | 4,134 | - | - | 4,134 | - | 4,134 |
| Total comprehensive loss for the period | - | - | - | 4,134 | - | (90,055) | (85,921) | 4,193 | (81,728) |
| Transfer from retained earnings to statutory reserves | - | - | - | - | 34,253 | (34,253) | - | - | - |
| At 30 June 2021 | 359,700 | (59,669) | (550) | (20,430) | 157,680 | 950,492 | 1,387,223 | 547,650 | 1,934,873 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Weiyee 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 heating, ventilation air-conditioning, air purification and clean room equipment.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

This interim financial report has been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with International Accounting Standard (IAS) 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 27 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 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 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRS for the current accounting period:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform – phase 2

None of these developments have had a material effect on how the Group's results and 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.

4. SEGMENT INFORMATION

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

I. Property development

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

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

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

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

There are no inter-segment sales within the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

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

| | Unaudited six months ended 30 June | | | | | |
|---|------------------------------------|-----------------|-------------------------|-----------------|-----------------|-----------------|
| | Property Development | | Equipment Manufacturing | | Total | |
| | 2021 RMB'000 | 2020 RMB'000 | 2021 RMB'000 | 2020 RMB'000 | 2021 RMB'000 | 2020 RMB'000 |
| Revenue from external customers | 521,668 | 36,926 | 37,265 | 15,644 | 558,933 | 52,570 |
| Segments results | (53,911) | (80,994) | (1,656) | (12,251) | (55,567) | (93,245) |
| Finance income | 6,783 | 2,903 | 156 | 114 | 6,939 | 3,017 |
| Finance costs | (27,146) | (23,180) | (4,506) | (4,329) | (31,652) | (27,509) |
| Loss before taxation | | | | | (80,280) | (117,737) |
| Taxation | | | | | (5,582) | 11,151 |
| Non-controlling interests | | | | | (4,193) | 16,104 |
| Loss attributable to owners of the Company | | | | | (90,055) | (90,482) |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

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

| | 30 June 2021 (unaudited) | | | 31 December 2020 (audited) | | |
|----------------------|--------------------------|----------------------------|-------------|----------------------------|----------------------------|-------------|
| | Property Development | Equipment Manufacturing | Total | Property Development | Equipment Manufacturing | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Segment assets | 8,133,527 | 116,666 | 8,250,193 | 7,668,609 | 127,618 | 7,796,227 |
| Segment liabilities | (4,140,802) | (52,011) | (4,192,813) | (3,739,433) | (54,585) | (3,794,018) |
| Loans and borrowings | (1,952,490) | (170,017) | (2,122,507) | (1,798,766) | (186,842) | (1,985,608) |
| Total liabilities | | | (6,315,320) | | | (5,779,626) |

Unaudited six months ended 30 June

| | 2021 | | | 2020 | | |
|--|-------------------------|----------------------------|---------|-------------------------|----------------------------|---------|
| | Property Development | Equipment Manufacturing | Total | Property Development | Equipment Manufacturing | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Other segment information | | | | | | |
| Depreciation of property, plant and equipment | 1,282 | 2,327 | 3,609 | 1,289 | 912 | 2,201 |
| Depreciation of right-of-use assets | 2,604 | 1,501 | 4,105 | 2,612 | 1,030 | 3,642 |
| Amortisation of intangible assets | 116 | 45 | 161 | 111 | 39 | 150 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

Geographical segment

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

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

Geographical segments

| Revenue | Unaudited six months ended 30 June | |
|----------------------------|---|---|
| | 2021 RMB'000 | 2020 RMB'000 |
| PRC | 534,998 | 39,126 |
| Singapore | 23,935 | 13,444 |
| | 558,933 | 52,570 |
| Non-current assets* | 30 June 2021 RMB'000 (unaudited) | 31 December 2020 RMB'000 (audited) |
| PRC | 646,422 | 897,593 |
| Singapore | 2,795 | 3,843 |
| Other countries | 18,960 | 20,334 |
| | 668,177 | 921,770 |

* Excluding trade and other receivables and deferred tax assets

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER INCOME

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2021 RMB'000 (unaudited) | 2020 RMB'000 (unaudited) |
| Rental income | 3,299 | 3,447 |
| Gain on disposal of quoted equity investment | – | 195 |
| Gain on disposal of property, plant and equipment | 725 | 426 |
| Gain on disposal of subsidiary | 1,468 | – |
| Gain on disposal of an associate | 4,219 | – |
| Net change in fair value on other investments | 250 | (449) |
| Negative goodwill arising from business combination | 314 | – |
| Government grant | 20 | 1,530 |
| Others | 2,063 | 1,521 |
| | 12,358 | 6,670 |

6. NET FINANCE COSTS

| | Six months ended 30 June | |
|-------------------------------|--------------------------------|--------------------------------|
| | 2021 RMB'000 (unaudited) | 2020 RMB'000 (unaudited) |
| Interest expense | (30,969) | (26,858) |
| Interest on lease liabilities | (683) | (651) |
| Interest income | 6,939 | 3,017 |
| | (24,713) | (24,492) |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. TAXATION

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2021 RMB'000 (unaudited) | 2020 RMB'000 (unaudited) |
| Current tax (expenses)/credit | | |
| – Current period | (11,242) | (607) |
| – Over-provision of prior years | – | 8,073 |
| | (11,242) | 7,466 |
| Deferred tax expense | | |
| – Origination and reversal of temporary differences | 5,772 | 3,722 |
| | 5,772 | 3,722 |
| Land appreciation tax expenses | | |
| – Current period | (112) | (37) |
| | (112) | (37) |
| | (5,582) | 11,151 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. TAXATION (Continued)

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

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. LOSS BEFORE TAXATION

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

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Depreciation of property, plant and equipment | 3,609 | 2,201 |
| Depreciation of right-of-use assets | 4,105 | 3,642 |
| Amortisation of intangible assets | 161 | 150 |
| Property, plant and equipment written off | 13 | 394 |

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB1.8 million (2020: RMB3.2 million) on the acquisition of property, plant and equipment.

10. TRADE AND OTHER RECEIVABLES

Trade receivables of the Group are non-interest bearing and are normally settled between 30 to 180 days (31 December 2020: 30 to 180 days).

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

| | 30 June | 31 December |
|---------------|--------------------|-------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (audited) |
| 0–30 days | 18,696 | 22,253 |
| 31–90 days | 16,829 | 32,615 |
| 91–180 days | 1,872 | 5,727 |
| 181–365 days | 258 | 2,697 |
| Over 365 days | 1,085 | 5,780 |
| | 38,740 | 69,072 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE AND OTHER PAYABLES

Trade payables primarily comprise construction costs payable to third parties.

Ageing profile

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

| | 30 June 2021 RMB'000 (unaudited) | 31 December 2020 RMB'000 (audited) |
|--------------|---|---|
| Current | 728,096 | 860,558 |
| 1–30 days | 2,724 | 2,010 |
| 31–60 days | 778 | 1,212 |
| 61–90 days | 837 | 1,508 |
| Over 90 days | 25,986 | 27,090 |
| | 758,421 | 892,378 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. LOANS AND BORROWINGS

| | As at 30 June 2021 | | | As at 31 December 2020 | | |
|---------------------------------------|-----------------------------------|-------------------------------------|---------------------------------|---------------------------------|-----------------------------------|-------------------------------|
| | 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 | 1,513,671 | 219,529 | 1,733,200 | 1,285,789 | 167,533 | 1,453,322 |
| – after one year | 342,672 | 46,635 | 389,307 | 482,292 | 49,994 | 532,286 |
| | 1,856,343 | 266,164 | 2,122,507 | 1,768,081 | 217,527 | 1,985,608 |

Details of any collateral

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. SHARE CAPITAL

| | Share capital RMB'000 | No. of shares issued '000 |
|---|-----------------------------|---------------------------------|
| Issued and fully paid: | | |
| As at 1 January and 30 June 2021 | 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 2021 or 30 June 2020.

15. LOSS PER SHARE

| | Six months ended 30 June | |
|---|--------------------------|---------------------|
| | 2021 (unaudited) | 2020 (unaudited) |
| Loss attributable to owners of the Company (RMB'000) | (90,055) | (90,482) |
| Weighted average number of ordinary shares in issue (in thousands) | 196,133 | 196,133 |
| Loss per ordinary share: | | |
| (i) Based on weighted average number of ordinary shares in issue (RMB cents) | (45.92) | (46.13) |
| (ii) On a fully diluted basis (RMB cents) | (45.92) | (46.13) |

Diluted loss per ordinary share is calculated on the same basis as basic loss per ordinary share as there were no potential dilutive ordinary shares as at 30 June 2021 and 30 June 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. NET ASSET VALUE

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

| | 30 June 2021 (unaudited) | 31 December 2020 (audited) |
|---|---|----------------------------------|
| Net assets attributable to owners of the Company (RMB'000) | 1,387,223 | 1,473,144 |
| 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) | 7.07 | 7.51 |

17. CAPITAL COMMITMENT

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

| | 30 June 2021 RMB'000 (unaudited) | 31 December 2020 RMB'000 (audited) |
|--|---|---|
| Development expenditures authorised and contracted for | 917,449 | 497,736 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. CONTINGENT LIABILITIES

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

| | 30 June 2021 RMB'000 (unaudited) | 31 December 2020 RMB'000 (audited) |
|--|---|---|
| Guarantees granted to financial institutions on behalf of purchasers of property units | 1,948,438 | 2,182,873 |

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.

(b) Litigation with contractor

In 2020, a claim against a subsidiary of the Group, Guangdong Leiding Property Development Co., Ltd. was filed for outstanding construction cost for approximately RMB90,000,000 (estimated based on the total GFA apportionment of relevant project) by a contractor in the PRC. The contractor claimed that the subsidiary did not settle the overdue bills and claimed for extra construction costs. Based on the court's judgement, the result of the case depend on the appraised value of construction cost of the property project by an independent qualified surveyor. The case is pending and under the negotiation with the contractor. The directors believe that above contingent liabilities are unlikely to materialise and no provision for liabilities in this respect has been made in the condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. GEARING RATIO

| | 30 June 2021 RMB'000 (unaudited) | 31 December 2020 RMB'000 (audited) |
|---------------------------------|---|---|
| Loans and borrowings | 2,122,507 | 1,985,608 |
| Less: Cash and cash equivalents | (880,490) | (876,548) |
| Net debt | 1,242,017 | 1,109,060 |
| Total equity | 1,934,873 | 2,016,601 |
| Gearing ratio | 64% | 55% |

20. SHARE OPTIONS

As at 30 June 2021, Company does not have any share option scheme.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21. BUSINESS COMBINATION

In March 2021, the partners of Deqing Fengjing Enterprise Management Partnership (Limited Liability Partnership) (“Deqing Fengjing”), the then associate of the Group, exited its investment in Hangzhou Junwei Real Estate Co., Ltd. (“Hangzhou Junwei”), the then subsidiary of Deqing Fengjing and a company whose principal activity is property development, in accordance with the co-operation agreement dated 21 January 2020. Accordingly, Deqing Fengjing ceased to have any interest in Hangzhou Junwei which then became a subsidiary of the Group.

The provisional fair value of identifiable assets and liabilities of Hangzhou Junwei as at the date of business combination were:

| | RMB'000 |
|--|---------------|
| Property, plant and equipment | 213 |
| Development properties and prepaid costs | 955,288 |
| Trade and other receivables | 13,929 |
| Prepaid tax | 2,364 |
| Cash and cash equivalents | 81,445 |
| Trade and other payables | (373,456) |
| Loans and borrowings | (430,000) |
| Contract liabilities | (226,020) |
| Deferred tax liabilities | (3,268) |
| Total identifiable net assets at fair value | 20,495 |
| Transferred from trade and other receivables | (19,000) |
| Fair value of an associate | (1,181) |
| Negative goodwill arising from business combination | 314 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22. CONTRACT BALANCES

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

| | 30 June 2021 RMB'000 (unaudited) | 31 December 2020 RMB'000 (audited) |
|----------------------|---|---|
| Trade receivables | 38,313 | 68,290 |
| Contract costs | 51,478 | 39,054 |
| Contract assets | 659,092 | 660,736 |
| Contract liabilities | (1,906,892) | (1,342,697) |

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

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

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

Success-based sales commissions

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

Loan from a Controlling Shareholder

As at 30 June 2021, the Group had obtained a loan from an entity controlled by a controlling shareholder with principal amount of HKD145,000,000 (equivalent to RMB120,555,000), which is unsecured, interest bearing at 16% per annum and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

Key management personnel compensation

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

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Directors' fees | | |
| – directors of the company | 330 | 330 |
| Salaries, representing total compensation to key management personnel | 2,006 | 2,307 |
| PRC statutory welfare fund | 69 | 53 |
| CPF and the defined contributions | 54 | 57 |
| | 2,459 | 2,747 |
| Comprises amount paid/payables to: | | |
| – directors of the company | 1,853 | 2,085 |
| – other key management personnel | 606 | 662 |
| | 2,459 | 2,747 |

24. DISPOSAL OF A SUBSIDIARY

On 24 June 2021, the Group disposed its entire interests in Huizhoushi Dajinzhou Property Development Co., Ltd. ("Huizhoushi Dajinzhou") at a cash consideration of RMB35,000,000. Huizhoushi Dajinzhou was engaged in the property development in the PRC. The net assets of Huizhoushi Dajinzhou at the date of disposal was approximately RMB33,532,000. A gain of approximately RMB1,468,000 was resulted from the disposal of Huizhoushi Dajinzhou.

PUBLICATION OF THE INTERIM REPORT

This results announcement is published on the website of the Stock Exchange 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 2021 will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

I would like to take this opportunity to express my thanks and gratitude to the Group's management and staff who dedicated their endless efforts and devoted services, and to our shareholders, suppliers, customers and bankers for their continuous support.

By Order of the Board
WEIYE HOLDINGS LIMITED
Zhang Wei

Executive Chairman and Chief Executive Officer

Hong Kong, 27 August 2021

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*