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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 2022

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 2022, together with the comparative figures, as follows:

* For identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	3	1,326,465	1,019,338
Cost of sales		<u>(1,120,229)</u>	<u>(847,093)</u>
Gross profit		206,236	172,245
Other income	4	22,418	28,044
Selling and distribution expenses		(24,640)	(44,617)
Administrative expenses		(106,465)	(170,808)
Other operating expenses		(15,770)	(5,311)
Share of loss from joint ventures		<u>(219)</u>	<u>(1,294)</u>
Results from operating activities		81,560	(21,741)
Net finance costs	5	<u>(24,174)</u>	<u>(44,976)</u>
Profit/(loss) before taxation	7	57,386	(66,717)
Income tax expense	6	<u>(10,680)</u>	<u>(10,675)</u>
Profit/(loss) for the year		<u>46,706</u>	<u>(77,392)</u>
Profit/(loss) attributable to:			
Owners of the Company		7,625	(128,030)
Non-controlling interests		<u>39,081</u>	<u>50,638</u>
Profit/(loss) for the year		<u>46,706</u>	<u>(77,392)</u>
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations		<u>(11,274)</u>	<u>5,312</u>
Total other comprehensive (loss)/income for the year, net of income tax		<u>(11,274)</u>	<u>5,312</u>
Total comprehensive income/(loss) for the year		<u>35,432</u>	<u>(72,080)</u>

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Total comprehensive income/(loss) attributable to:			
Owners of the Company		(1,477)	(124,650)
Non-controlling interests		<u>36,909</u>	<u>52,570</u>
Total comprehensive income/(loss) for the year, net of income tax			
		<u>35,432</u>	<u>(72,080)</u>
Earnings/(loss) per share:			
Basic earnings/(loss) per share (<i>RMB cents</i>)	8	3.89	(65.28)
Diluted earnings/(loss) per share (<i>RMB cents</i>)	8	<u>3.89</u>	<u>(65.28)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment	9	171,512	63,613
Intangible assets		668	985
Investment properties		478,000	478,000
Joint ventures		112,364	112,583
Trade and other receivables	10	99,160	192,160
Deferred tax assets		32,947	67,096
		<u>894,651</u>	<u>914,437</u>
Current assets			
Inventories		28,065	28,379
Development properties and prepaid costs		3,209,937	4,810,108
Contract costs		46,596	68,928
Trade and other receivables	10	736,701	498,537
Contract assets		216,945	657,264
Other investments		3,934	5,200
Prepaid tax		95,973	106,820
Cash and cash equivalents		407,971	916,946
		<u>4,746,122</u>	<u>7,092,182</u>
Current liabilities			
Loans and borrowings	13	773,120	1,185,224
Trade and other payables	11	873,483	1,295,732
Contract liabilities		1,596,812	2,546,213
Income tax payable		201,273	312,514
		<u>3,444,688</u>	<u>5,339,683</u>
Net current assets		<u>1,301,434</u>	<u>1,752,499</u>

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Non-current liabilities			
Loans and borrowings	13	65,148	344,018
Deferred tax liabilities		298,261	378,397
		<u>363,409</u>	<u>722,415</u>
Net assets		<u>1,832,676</u>	<u>1,944,521</u>
Equity attributable to owners of the Company			
Share capital	12	359,700	359,700
Reserves		987,317	988,794
		<u>1,347,017</u>	<u>1,348,494</u>
Non-controlling interests		<u>485,659</u>	<u>596,027</u>
Total equity		<u>1,832,676</u>	<u>1,944,521</u>

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 10 Bukit Batok Crescent, #06–05 The Spire, Singapore 658079. 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 2022 but are extracted from those financial statements.

The consolidated financial statements of the Group for the year ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the “**Group**”) and the Group’s interest 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 the manufacture and trading of heating ventilation and air-conditioning, air purification and clean room equipment.

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 include 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 purification integrated solution (“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. Heating 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 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. Integrated with air purification systems, other solution 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 in this segment.

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

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

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

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

	Property development		Equipment manufacturing		Total	
	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue:						
External customers	<u>1,201,127</u>	<u>938,605</u>	<u>125,338</u>	<u>80,733</u>	<u>1,326,465</u>	<u>1,019,338</u>
Inter-segment revenue	-	-	-	-	-	-
Segments results from operating activities	<u>71,063</u>	<u>(20,405)</u>	<u>10,497</u>	<u>(1,336)</u>	<u>81,560</u>	<u>(21,741)</u>
Interest income	6,965	10,243	113	169	7,078	10,412
Finance costs	(30,018)	(46,938)	(1,234)	(8,450)	(31,252)	(55,388)
Reportable segment profit/(loss) before taxation					57,386	(66,717)
Income tax expense					(10,680)	(10,675)
Non-controlling interests					(39,081)	(50,638)
Profit/(loss) attributable to owners of the Company					<u>7,625</u>	<u>(128,030)</u>
Reportable segment assets	5,530,667	7,884,485	110,106	122,134	<u>5,640,773</u>	<u>8,006,619</u>
Reportable segment liabilities	(2,932,575)	(4,470,078)	(37,254)	(62,778)	(2,969,829)	(4,532,856)
Loans and borrowings	(669,510)	(1,366,066)	(168,758)	(163,176)	(838,268)	(1,529,242)
Total liabilities					<u>(3,808,097)</u>	<u>(6,062,098)</u>
Other segment information						
Capital expenditure	750	6,937	9,701	207	10,451	7,144
Allowance for impairment loss made/(reversed) on trade and other receivables (excluding prepayments) and contract assets	6,074	1,063	280	(417)	6,354	646
Depreciation of property, plant and equipment	7,033	8,583	4,674	6,965	11,707	15,548
Amortisation of intangible assets	<u>57</u>	<u>202</u>	<u>348</u>	<u>89</u>	<u>405</u>	<u>291</u>

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 2022 and 31 December 2021.

	PRC <i>RMB'000</i>	Singapore <i>RMB'000</i>	Other countries <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2022				
Revenue	<u>1,251,685</u>	<u>47,480</u>	<u>27,300</u>	<u>1,326,465</u>
Non-current assets*	<u>734,192</u>	<u>10,134</u>	<u>18,218</u>	<u>762,544</u>
31 December 2021				
Revenue	<u>973,340</u>	<u>33,220</u>	<u>12,778</u>	<u>1,019,338</u>
Non-current assets*	<u>634,963</u>	<u>1,929</u>	<u>18,289</u>	<u>655,181</u>

* Excludes trade and other receivables and deferred tax assets.

4. OTHER INCOME

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Derecognition of right-of-use asset	–	1,098
Gain on disposal of property, plant and equipment	400	763
Gain on disposal of an associate	–	4,218
Gain on disposal of other investments	33	164
Gain on disposal of subsidiaries	9,126	4,229
Gain on reversal of other payables	–	5,917
Government grants	188	215
Bargain purchase gain arising from business combination	–	314
Compensation income	370	648
Rental income	5,291	6,146
Others	7,010	4,332
	<u>22,418</u>	<u>28,044</u>

5. NET FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest income	7,078	10,412
Interest expenses on loans and borrowings	(41,230)	(158,873)
Interest expenses on lease liabilities	(527)	(1,194)
Others	(137)	(329)
	<u> </u>	<u> </u>
Finance expenses, net	(34,816)	(149,984)
Finance cost capitalised in development properties	10,642	105,008
	<u> </u>	<u> </u>
Net finance costs recognised in profit or loss	<u><u>(24,174)</u></u>	<u><u>(44,976)</u></u>

6. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax expense		
Current year income tax	37,617	24,841
	<u> </u>	<u> </u>
Deferred tax expense/(credit)		
Origination and reversal of temporary differences	4,474	(25,647)
	<u> </u>	<u> </u>
Land appreciation tax (“LAT”) expense		
LAT	(31,411)	11,481
	<u> </u>	<u> </u>
Total tax expense	<u><u>10,680</u></u>	<u><u>10,675</u></u>

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

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

According to the Implementation Rules of the Corporate Income tax Law of the 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.

LAT is levied on properties in the PRC developed for sale by the Group at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds from the sale of properties less deductible expenditures which include lease charges of land use rights, borrowing costs and all property development expenditures. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for some of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the difference realises.

7. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation has been arrived at after charging/(crediting) the followings:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Audit fees paid/payable	2,364	2,607
Amortisation of intangible assets	405	291
Allowance for impairment loss made/(reversed) on trade and other receivables	7,345	(45)
Allowance for impairment loss (reversed)/made on contract assets	(991)	691
Depreciation of property, plant and equipment	11,707	15,548
Gain on disposal of other investments	(33)	(164)
Gain on disposal of an associate	–	(4,218)
Gain on disposal of subsidiaries	(9,126)	(4,229)
Gain on reversal of other payables	–	(5,917)
Bargain purchase gain arising from business combination	–	(314)
Raw materials, changes in finished goods and work-in-progress recognised	95,365	62,076
Property, plant and equipment written off	1,126	236
	<u>11,707</u>	<u>15,548</u>

8. EARNINGS/(LOSS) PER SHARE

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

	2022	2021
Earnings/(loss) per share is based on		
Profit/(loss) for the year attributable to owners of the Company (<i>RMB'000</i>)	<u>7,625</u>	<u>(128,030)</u>
Weighted average number of ordinary shares (<i>'000</i>)	<u>196,133</u>	<u>196,133</u>
Basic and diluted earnings/(loss) per share (<i>RMB cents</i>)	<u>3.89</u>	<u>(65.28)</u>

Basic earnings/(loss) per share is calculated on the Group's profit/(loss) 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 earnings/(loss) per share is calculated on the same basis as basic earnings/(loss) per share as the Group did not issue dilutive instruments.

9. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2022, the Group spent approximately RMB10.4 million (2021: RMB7.1 million) on the acquisition of property, plant and equipment.

Right-of-use assets of RMB12,764,000 (2021: RMB24,295,000) 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 (2021: 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 invoice date, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0–30 days	35,430	41,193
31–90 days	8,208	3,004
91–180 days	5,782	2,376
181–365 days	12,655	385
Over 365 days	4,715	2,724
	<u>66,790</u>	<u>49,682</u>

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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0–30 days	355,069	595,435
31–60 days	4,102	564
61–90 days	5,298	637
More than 90 days	18,553	24,206
	<u>383,022</u>	<u>620,842</u>

12. SHARE CAPITAL

	Company	
	<i>RMB'000</i>	Number of shares '000
Fully paid ordinary shares, with no par value		
As at 1 January and 31 December 2021 and 2022	<u>359,700</u>	<u>196,133</u>

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 2022, there were no share options issued by the Company.

13. LOANS AND BORROWINGS

	2022			2021		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amount repayable in one year or less, or on demand	730,029	43,091	773,120	1,119,793	65,431	1,185,224
Amount repayable after one year	63,900	1,248	<u>65,148</u>	311,636	32,382	<u>344,018</u>
Total loans and borrowings			<u>838,268</u>			<u>1,529,242</u>

Details of any collateral

In 2022, loans and borrowings for the Group include banker's acceptance, lease liabilities, bank overdrafts, bank loans, loans from trust finance company and other loans (2021: banker's acceptance, lease liabilities, bank overdrafts, bank loans, loans from trust finance company and other loans). 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 its certain subsidiaries; and
- (iv) Guarantees from third parties.

14. DIVIDEND

The Board did not declare or recommend any dividend for the year ended 31 December 2022 (2021: Nil).

15. 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 2022 and throughout the year ended 31 December 2022.

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018–2020

None of these developments have had a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended IFRSs that is not yet effective for the current accounting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

	2022	2021	% change
	<i>RMB'000</i>	<i>RMB'000</i>	+ / (-)
Property Development			
Revenue	1,201,127	938,605	28%
Cost of sales	<u>(1,024,864)</u>	<u>(785,017)</u>	31%
Gross profit	<u><u>176,263</u></u>	<u><u>153,588</u></u>	
Gross Profit Margin	15%	16%	
Equipment Manufacturing			
Revenue	125,338	80,733	55%
Cost of sales	<u>(95,365)</u>	<u>(62,076)</u>	54%
Gross profit	<u><u>29,973</u></u>	<u><u>18,657</u></u>	
Gross Profit Margin	24%	23%	

Revenue and Gross Profit Margin (“GP Margin”)

Property development business

During the year ended 31 December 2022, there was an increase in our total net saleable floor area (“NSFA”) handed over to customers of approximately 120,375 square meters (2021: 105,267 square meters).

Revenue from property development business for the year ended 31 December 2022 was approximately RMB1,201.1 million, which represented an increase of approximately 28% as compared to the corresponding period in 2021. This was mainly from the following projects, namely Yuediwan (approximately RMB535.3 million), Weiye Shangcheng Sanhaoyuan (approximately RMB520.5 million) and Yuejiangwan (approximately RMB133.2 million).

The gross profit (“GP”) of the property development business for the year ended 31 December 2022 amounted to approximately RMB176.3 million, representing an increase of approximately 15% as compared to the corresponding period in 2021. The GP margin decreased by approximately 1% which is stable with 2021.

Equipment Manufacturing Business

This segment recorded a revenue of approximately RMB125.3 million for the year ended 31 December 2022 which represented an increase of approximately 55% as compared to the corresponding period in 2021. This was mainly because there was a general improvement in business performance in 2022.

This in turn resulted in an increase of approximately 61% in GP to approximately RMB30.0 million for the year ended 31 December 2022, as compared to the corresponding period in 2021. The GP margin for equipment manufacturing business was improved from 23% to 24%.

Other Income

Other income decreased by approximately 20% for the year ended 31 December 2022 as compared to the corresponding period in 2021, primarily due to one-off gain on disposal of several subsidiaries with approximately RMB9.1 million recorded for 2022.

Selling and Distribution Expenses

Selling and distribution expenses amounted to approximately RMB24.6 million for the year ended 31 December 2022, represented a decrease of approximately 45% as compared to the corresponding period in 2021. This was mainly due to the decrease in promotional and marketing related costs for the year ended 31 December 2022.

Administrative Expenses

Administrative expenses for the year ended 31 December 2022 was approximately RMB106.5 million, which was approximately 38% lower than the corresponding period in 2021. It was mainly due to decrease in salaries and office expenses as a result of intensive cost control measures implemented within the Group, as compared to the corresponding period in 2021.

Net Finance Costs

Net finance costs was reported for the year ended 31 December 2022 at approximately RMB24.2 million, representing a decrease of approximately 46% as compared to the corresponding period in 2021, which was mainly due to a decrease in loans and borrowings during the year ended 31 December 2022.

Taxation

The income tax expense keep stable for the year ended 31 December 2022 was mainly due to increase in provision of corporate income tax by approximately RMB12.8 million as a result of increase in profit of the group companies during the year ended 31 December 2022 and decrease in provision of land appreciation tax by approximately RMB42.9 million as a result of realisation of land appreciation tax expenses of completed property projects for the year ended 31 December 2022. This was partially offset by higher deferred tax expense of approximately RMB30.1 million.

Review of Financial Position

The significant decrease in development properties and prepaid cost of approximately RMB1,600.2 million was mainly due to the disposal of subsidiaries during the year with reduction of approximately RMB764.4 million. The progressive construction costs incurred on property development project like Yuequan Wan Phase I, was being set off with the properties handed over for Weiye Shangcheng Sanhaoyuan, Yuejiangwan and Yuediwan during the year ended 31 December 2022.

The decrease in the contract assets by approximately RMB440.3 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 RMB422.2 million was mainly due to the settlement of construction work for Taihu Tiancui, Yuejiangwan and Yuediwan projects.

The decrease in contract liabilities by approximately RMB949.4 million as at 31 December 2022 was mainly due to reversal of contract liabilities caused by sales recognition from projects mainly Weiye Shangcheng Sanhaoyuan, Yuejiangwan and Yuediwan in 2022.

The net decrease in loans and borrowings was mainly due to repayment of loans and borrowings obtained to finance the development of property projects during the year ended 31 December 2022.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2022, the Group's net current assets amounted to approximately RMB1,301.4 million, which represented a decrease of approximately 26% as compared to the corresponding period in 2021, which was mainly due to decrease in development properties and prepaid cost, contract assets of approximately RMB2,040.5 million, and partially offset by decrease in contract liabilities, trade and other payable and loans and borrowings of approximately RMB1,780.4 million.

Our bank and other borrowings are denominated in Renminbi, United States Dollar (USD), Singapore Dollar (SGD) and Malaysia Ringgit (MYR). As at 31 December 2022, our total outstanding loans and borrowings amounted to approximately RMB838.3 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 2022, the net gearing ratio of the Group was approximately 23% (31 December 2021: 31%).

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 Group 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.

STRATEGY AND OUTLOOK

Real estate policy, financial environment and the pandemic were some of the adverse factors that remained in 2022. We had to manage our human resources, financial resources and material resources with prudence. For stock assets, we maintained our "big operation" approach and improve cash flow turnover. For investment increments, we shifted from an asset-heavy to an asset-light strategy, and continued to promote an industry-driven transformation upgrade of our traditional real estate business, in order to achieve healthy and orderly growth.

Based on our investment model and leveraging our own strengths, in 2022 the Group focused on promoting the development of "industry+" projects in regions where we have established a presence. We planned to explore opportunities throughout the year and selected quality projects which required low investment and offer high returns.

In terms of financing, in view of the reduced availability of traditional financing sources and facility limits compared to the previous year, the Group had to take the initiative to strategically pursue collaboration with those sizeable financial institutions that remain within the limitation quota. To advance our financing operations, the Group capitalized on new financing opportunities to consolidate resources and establish financing platforms. Furthermore, the Group continued to explore and innovate financing solutions.

In terms of cost control, we adopted a general overview and a “generate and retain profits” approach to review cost control measures. We controlled items based on their hierarchy and significance, optimised the structure of project costs, and enhanced cost control over service network at different stages, ensuring that our budget did not exceed initial estimates and our final account did not exceed our initial budget, thereby safeguarding the rationale, lawfulness, and compliance of all work results for practical purposes. This effectively minimised our business risk and guarantee the profit targets of our projects.

In terms of investment expansion, we continued to explore mature markets in the Yangtze River Delta Region, Guangdong – Hong Kong – Macau Greater Bay Area and Henan for opportunities to consolidate government resources, industry resources, financing resources and talent resources to promote industrial real estate development, prioritising expanding and focusing on the “EPC+” projects and asset-light projects while strictly controlling input of self-owned assets, which in turn drove the Company’s transformational upgrade. We considered different ways to develop projects, such as joint development with results consolidating, M&A by acquiring debt (for land and projects under construction), and financing + construction (for real estate and industry). Through innovation of development and operation modes across local areas, we endeavored to guide the entry of social funds for co- construction and sharing, thereby maximizing the resources integration and minimizing the capital occupying.

In terms of team building, we continued to strengthen our work philosophy of “seriousness, responsibility and proactivity” by adhering to the enterprise culture of unity, collaboration, struggle and progress. We committed ourselves to ensuring management would facilitate our business by instilling positive thoughts into our employees and ensuring all employees would adopt and maintain positive work attitudes, based on the authority and responsibility system of the Company and in accordance with various management systems.

We enhanced our incentive system to incentivise performance and discourage substandard work, strengthened control over processes, and assigned personnel effectively to improve team efficiency, so that an efficient team had been built to effectively resolve issues and demonstrate its competence in corporate governance and operation.

EMPLOYEES AND REMUNERATION

As at 31 December 2022, there were 294 employees (2021: 449) in the Group.

Total employee benefits expenses of the Group (including Directors' fee) for the year ended 31 December 2022 were approximately RMB70.8 million (2021: RMB108.6 million). Staff remuneration packages are determined based on each employee's qualifications, experience, position and seniority.

The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and Group's results of operations.

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

There was no purchase, redemption or sale of listed securities of the Company for the year ended 31 December 2022.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Reference is made to the announcements of the Company dated 22 April 2022, 31 August 2022 and 21 September 2022. During the year ended 31 December 2022, the Group disposed of 100% equity interest in Guangdong Leiding Property Development Co., Ltd. at the consideration of RMB 112.0 million; 100% equity interest in Weiye Holdings (Shenzhen) Group Co., Ltd. at the consideration of RMB81.0 million; 37.5% equity interest in Hunan Jingke Property Co., Ltd. at the consideration of approximately RMB39.1 million; and 39.4% equity interest in Zhongwei Wisdom Cold Chain Logistics Co., Ltd. at the consideration of approximately RMB5.2 million. Except for the above, there was no other material acquisition and disposal of subsidiaries by the Group during the year ended 31 December 2022.

AUDIT COMMITTEE

The Audit Committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors as at the date of this announcement, namely:

Mr. Lam Ying Hung Andy (*Chairman*)

Mr. Dong Xincheng

Mr. Liu Ning

The Group's annual results for the year ended 31 December 2022 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 2022, except there was once deviation of code provision C.2.1 of the Code.

Mr. Zhang Wei undertook the overall business operations and management of the Group and report to the Board of the Group. The code provision C.2.1 of the Code requires that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. However, the Board considered Mr. Zhang Wei was familiar with the culture and operations of the Company and had extensive experience in the real estate industry. The Directors considered the vesting 2 roles in the same individual would not impair the balance of power and authority between the Directors and the management of the Group. Following the resignation of Mr. Zhang Wei, Mr. Chen Zhiyong has been appointed as the Chairman of the Board and Mr. Hong Junli has been appointed as the Chief Executive Officer, and there have not been deviation from code provision of the code.

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 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 for the year ended 31 December 2022.

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 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 the rules and regulations in relation to insider dealing 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 final dividend for the year ended 31 December 2022 (2021: 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 in due course.

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 2022 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 and consequently no opinion or assurance conclusion 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 2022 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 their commitments to create greater values for the Group. I would also like to extend my heartfelt gratitude to all our shareholders and strategic partners for your unwavering trust and relentless support all these years.

By Order of the Board
WEIYE HOLDINGS LIMITED
Chen Zhiyong
Executive Chairman

Hong Kong, 22 March 2023

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