**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 2023

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 2023, 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 2023*

| | *Note* | **2023** | 2022 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| Revenue | 3 | **1,612,239** | 1,326,465 |
| Cost of sales | | **(1,491,226)** | (1,120,229) |
| **Gross profit** | | **121,013** | 206,236 |
| Other income | 4 | **9,316** | 22,418 |
| Selling and distribution expenses | | **(11,813)** | (24,640) |
| Administrative expenses | | **(67,646)** | (106,465) |
| Other operating expenses | | **(59,283)** | (9,696) |
| Loss allowances on trade and other receivables and contract assets | | **(19,006)** | (6,074) |
| Share of loss from joint-ventures | | **(111)** | (219) |
| **Results from operating activities** | | **(27,530)** | 81,560 |
| Net finance costs | 5 | **(20,118)** | (24,174) |
| (Loss)/profit before taxation | 7 | **(47,648)** | 57,386 |
| Income tax expense | 6 | **(47,973)** | (10,680) |
| (Loss)/profit for the year | | **(95,621)** | 46,706 |
| **(Loss)/profit attributable to:** | | | |
| Owners of the Company | | **(52,632)** | 7,625 |
| Non-controlling interests | | **(42,989)** | 39,081 |
| (Loss)/profit for the year | | **(95,621)** | 46,706 |

| | *Note* | **2023** *RMB'000* | 2022 *RMB'000* |
|---|---|---|---|
| **Other comprehensive loss** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Foreign currency translation differences for foreign operations | | **(3,115)** | (11,274) |
| **Total other comprehensive loss for the year, net of income tax** | | **(3,115)** | (11,274) |
| **Total comprehensive (loss)/income for the year** | | **(98,736)** | 35,432 |
| **Total comprehensive (loss)/income attributable to:** | | | |
| Owners of the Company | | **(57,686)** | (1,477) |
| Non-controlling interests | | **(41,050)** | 36,909 |
| **Total comprehensive (loss)/income for the year, net of income tax** | | **(98,736)** | 35,432 |
| **(Loss)/earnings per share:** | | | |
| Basic (loss)/earnings per share *(RMB cents)* | 8 | **(26.83)** | 3.89 |
| Diluted (loss)/earnings per share *(RMB cents)* | 8 | **(26.83)** | 3.89 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2023*

| | *Note* | **2023** | 2022 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | **168,531** | 171,512 |
| Intangible assets | | **436** | 668 |
| Investment properties | | **478,000** | 478,000 |
| Joint ventures | | **112,253** | 112,364 |
| Trade and other receivables | 10 | **99,160** | 99,160 |
| Deferred tax assets | | **23,884** | 32,947 |
| | | **882,264** | 894,651 |
| **Current assets** | | | |
| Inventories | | **21,392** | 28,065 |
| Development properties and prepaid costs | | **1,867,652** | 3,209,937 |
| Contract costs | | **268** | 46,596 |
| Trade and other receivables | 10 | **743,502** | 736,701 |
| Contract assets | | **216,734** | 216,945 |
| Other investments | | **1,612** | 3,934 |
| Prepaid tax | | **64,049** | 95,973 |
| Cash and cash equivalents | | **61,553** | 407,971 |
| | | **2,976,762** | 4,746,122 |
| **Current liabilities** | | | |
| Loans and borrowings | 13 | **501,233** | 773,120 |
| Trade and other payables | 11 | **686,188** | 873,483 |
| Contract liabilities | | **116,893** | 1,596,812 |
| Income tax payable | | **237,891** | 201,273 |
| | | **1,542,205** | 3,444,688 |
| **Net current assets** | | **1,434,557** | 1,301,434 |

| | *Note* | **2023** | 2022 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **Non-current liabilities** | | | |
| Loans and borrowings | 13 | **308,954** | 65,148 |
| Deferred tax liabilities | | **279,927** | 298,261 |
| | | **588,881** | 363,409 |
| **Net assets** | | **1,727,940** | 1,832,676 |
| **Equity attributable to owners of the Company** | | | |
| Share capital | 12 | **359,700** | 359,700 |
| Reserves | | **929,631** | 987,317 |
| | | **1,289,331** | 1,347,017 |
| **Non-controlling interests** | | **438,609** | 485,659 |
| **Total equity** | | **1,727,940** | 1,832,676 |

# 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 2023 but are extracted from those financial statements.

The consolidated financial statements of the Group for the year ended 31 December 2023 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 IFRS Accounting Standards issued by the International Accounting Standards Board ("**IFRS Accounting Standards**") 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 Going concern basis

During the year, the Group has incurred a loss of approximately RMB95.6 million. Furthermore, as at 31 December 2023, the Group had total loans and borrowings of approximately RMB810 million, of which approximately RMB501 million were classified as current borrowings. Included in the current borrowings as at 31 December 2023 was a secured loans from trust finance company (the "**Lender**") with an outstanding balance and interest of RMB361 million and RMB242 million, respectively, which the Group had not repaid according to their scheduled repayment dates ("**Defaulted Borrowings**"), while the Group's cash and cash equivalents as at 31 December 2023 amounted to only approximately RMB41 million.

In view of these circumstances, the Directors have given careful consideration of the future liquidity and cash flows of the Group in assessing whether the Group will have sufficient resources to continue as a going concern. For this purpose, the management has prepared a cash flow forecast covering a fifteen-month period from the end of the reporting period after taking account of the following:

(a) the Group will continue to negotiate with the Lender for the extension of repayment of the Defaulted Borrowings;

(b) the Group is actively liaising the renewal of the Group's borrowings when they fall due. In March 2024, the Group successfully completed the scheduled renewal of a bank borrowing of RMB20 million as it fell due; and

(c) subsequent to 31 December 2023 and up to the date of approval for issuance of the consolidated financial statements, the Group successfully obtained a new loan of RMB139,600,000 and currently had available unused banking facilities of RMB80,000,000.

The Directors have reviewed the cash flow forecast and are of the opinion that, assuming the successful and timely implementation of the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the forecast period. Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, inherent uncertainties exist as to whether management of the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through achieving the following:

(a) The Lender not taking any actions against the Group to exercise their rights to demand immediate payment of the outstanding principals and interests of the Defaulted Borrowings;

(b) Successfully negotiate with the relevant lenders on the renewal of other borrowings; and

(c) successfully obtain additional new financing or/another sources of funding as and when needed.

These indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group fail to achieve the above plans and measures, it might not be able to continue as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

### 2.4 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** | |
|---|---|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| Revenue: | | | | | | |
| External customers | **1,528,212** | 1,201,127 | **84,027** | 125,338 | **1,612,239** | 1,326,465 |
| Inter-segment revenue | **–** | – | **–** | – | **–** | – |
| Segments results from operating activities | **(25,651)** | 71,063 | **(1,879)** | 10,497 | **(27,530)** | 81,560 |
| Interest income | **8,145** | 6,965 | **139** | 113 | **8,284** | 7,078 |
| Finance costs | **(25,543)** | (30,018) | **(2,859)** | (1,234) | **(28,402)** | (31,252) |
| Reportable segment (loss)/profit before Income tax | | | | | **(47,648)** | 57,386 |
| Income tax expense | | | | | **(47,973)** | (10,680) |
| Non-controlling interests | | | | | **42,989** | (39,081) |
| (Loss)/profit attributable to owners of the Company | | | | | **(52,632)** | 7,625 |
| Reportable segment assets | **3,768,270** | 5,530,667 | **90,756** | 110,106 | **3,859,026** | 5,640,773 |
| Reportable segment liabilities | **(1,294,979)** | (2,932,575) | **(25,920)** | (37,254) | **(1,320,899)** | (2,969,829) |
| Loans and borrowings | **(792,395)** | (669,510) | **(17,792)** | (168,758) | **(810,187)** | (838,268) |
| Total liabilities | | | | | **(2,131,086)** | (3,808,097) |
| **Other segment information** | | | | | | |
| Capital expenditure | **1,105** | 750 | **626** | 9,701 | **1,731** | 10,451 |
| Allowance for impairment loss made on trade and other receivables (excluding prepayments) and contract assets | **18,419** | 6,074 | **587** | 280 | **19,006** | 6,354 |
| Depreciation of property, plant and equipment | **3,655** | 7,033 | **4,289** | 4,674 | **7,944** | 11,707 |
| Amortisation of intangible assets | **40** | 57 | **207** | 348 | **247** | 405 |

**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 2023 and 31 December 2022.

| | **PRC** | **Singapore** | **Other countries** | **Total** |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **31 December 2023** | | | | |
| Revenue | **1,546,133** | **59,938** | **6,168** | **1,612,239** |
| Non-current assets* | **729,107** | **10,474** | **19,639** | **759,220** |
| **31 December 2022** | | | | |
| Revenue | 1,251,685 | 47,480 | 27,300 | 1,326,465 |
| Non-current assets* | 734,192 | 10,134 | 18,218 | 762,544 |

* *Excludes trade and other receivables and deferred tax assets.*

## 4. OTHER INCOME

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Gain on disposal of property, plant and equipment | **594** | 400 |
| Gain on disposal of other investments | **–** | 33 |
| Gain on disposal of subsidiaries | **281** | 9,126 |
| Government grants | **224** | 188 |
| Compensation income | **54** | 370 |
| Rental income | **6,785** | 5,291 |
| Others | **1,378** | 7,010 |
| | **9,316** | 22,418 |

## 5. NET FINANCE COSTS

| | 2023 | 2022 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Interest income | **8,284** | 7,078 |
| Interest expenses on loans and borrowings | **(32,556)** | (41,230) |
| Interest expenses on lease liabilities | **(143)** | (527) |
| Others | **(105)** | (137) |
| Finance expenses, net | **(24,520)** | (34,816) |
| Finance cost capitalised in development properties | **4,402** | 10,642 |
| Net finance costs recognised in profit or loss | **(20,118)** | (24,174) |

## 6. INCOME TAX EXPENSE

| | 2023 | 2022 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| **Current tax expense** | | |
| Current year income tax | **17,463** | 37,617 |
| **Deferred tax (credit)/expense** | | |
| Origination and reversal of temporary differences | **(9,271)** | 4,474 |
| | **(9,271)** | 4,474 |
| **Land appreciation tax expense** | | |
| LAT | **39,781** | (31,411) |
| Total tax expense | **47,973** | 10,680 |

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

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

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

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

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

## 7. (LOSS)/PROFIT BEFORE TAXATION

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

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Audit fees paid/payable | **2,618** | 2,364 |
| Amortisation of intangible assets | **247** | 405 |
| Allowance for impairment loss made on trade and other receivables | **18,794** | 7,345 |
| Allowance for impairment loss made/(reversed) on contract assets | **212** | (991) |
| Allowance for impairment loss made on development properties and prepaid costs | **50,545** | – |
| Depreciation of property, plant and equipment | **7,944** | 11,707 |
| Gain on disposal of other investments | **–** | (33) |
| Gain on disposal of subsidiaries | **(281)** | (9,126) |
| Raw materials, changes in finished goods and work-in-progress recognised | **60,315** | 95,365 |
| Property, plant and equipment written off | **46** | 1,126 |

## 8. (LOSS)/EARNINGS PER SHARE

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

| | **2023** | 2022 |
|---|---|---|
| **(Loss)/earnings per share is based on** | | |
| (Loss)/profit for the year attributable to owners of the Company *(RMB'000)* | **(52,632)** | 7,625 |
| Weighted average number of ordinary shares *('000)* | **196,133** | 196,133 |
| Basic and diluted (loss)/earnings per share *(RMB cents)* | **(26.83)** | 3.89 |

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

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

## 9. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2023, the Group spent approximately RMB1.7 million (2022: RMB10.4 million) on the acquisition of property, plant and equipment.

Right-of-use assets of RMB12,943,000 (2022: RMB12,764,000) 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 (2022: 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:

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| 0–30 days | **17,099** | 35,430 |
| 31–90 days | **662** | 8,208 |
| 91–180 days | **756** | 5,782 |
| 181–365 days | **62** | 12,655 |
| Over 365 days | **26,112** | 4,715 |
| | **44,691** | 66,790 |

## 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:

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| 0–30 days | **279,362** | 355,069 |
| 31–60 days | **713** | 4,102 |
| 61–90 days | **2,036** | 5,298 |
| More than 90 days | **14,176** | 18,553 |
| | **296,287** | 383,022 |

## 12. SHARE CAPITAL

| | Company | |
|---|---|---|
| | | **Number of shares** |
| | *RMB'000* | *'000* |
| **Fully paid ordinary shares, with no par value** | | |
| As at 1 January and 31 December 2022 and 2023 | 359,700 | 196,133 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. All shares rank equally with regard to the Company's residual assets.

During the year ended 31 December 2023, there were no share options issued by the Company.

## 13. LOANS AND BORROWINGS

| | **2023** | | | 2022 | | |
|---|---|---|---|---|---|---|
| | **Secured** | **Unsecured** | **Total** | Secured | Unsecured | Total |
| | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** | *RMB'000* | *RMB'000* | *RMB'000* |
| Amount repayable in one year or less, or on demand | **484,616** | **16,617** | **501,233** | 730,029 | 43,091 | 773,120 |
| Amount repayable after one year | **257,070** | **51,884** | **308,954** | 63,900 | 1,248 | 65,148 |
| Total loans and borrowings | | | **810,187** | | | 838,268 |

**Details of any collateral**

In 2023, loans and borrowings for the Group include banker's acceptance, lease liabilities, bank overdrafts, bank loans, loans from trust finance company and other loans (2022: 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 2023 (2022: Nil).

## 15. ADOPTION OF NEW/REVISED IFRS ACCOUNTING STANDARDS

The Group has adopted all the new and amended IFRS Accounting Standards which are effective for the Group's accounting periods beginning on or after 1 January 2023 and throughout the year ended 31 December 2023.

| | |
|---|---|
| IFRS 17 | Insurance Contracts |
| Amendments to IAS 8 | Definition of accounting estimates |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to IAS 12 | Deferred tax related to assets and liabilities arising from a single transaction |
| Amendments to IAS 12 | International tax reform – Pillar Two Model Rules |

Except as described below, the application of the new and amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**Impacts on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The details of the impacts on each financial statement line item and loss per share arising from the application of the amendments are set out under "Impacts of application of amendments to IFRS Accounting Standards on the consolidated financial statements" in this Note. Comparative figures have been restated.

**Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies**

The Group has applied the amendments for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 3 to the consolidated financial statements.

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

| | **2023** | 2022 | **% change** |
|---|---|---|---|
| | ***RMB'000*** | *RMB'000* | +/(-) |
| **Property Development** | | | |
| Revenue | **1,528,212** | 1,201,127 | 27% |
| Cost of sales | **(1,430,911)** | (1,024,864) | 40% |
| Gross profit | **97,301** | 176,263 | |
| Gross Profit Margin | **6%** | 15% | |
| **Equipment Manufacturing** | | | |
| Revenue | **84,027** | 125,338 | (33%) |
| Cost of sales | **(60,315)** | (95,365) | (37%) |
| Gross profit | **23,712** | 29,973 | |
| Gross Profit Margin | **28%** | 24% | |

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

***Property development business***

During the year ended 31 December 2023, there was a decrease in our total net saleable floor area ("**NSFA**") handed over to customers of approximately 92,503 square meters (2022: 120,375 square meters).

Revenue from property development business for the year ended 31 December 2023 was approximately RMB1,528.2 million, which represented an increase of approximately 27% as compared to the corresponding period in 2022. This was mainly from the following projects, namely Sunlight Mansion and Weiye Lanting Bay, which contributed approximately RMB1,244.6 million and RMB212.0 million respectively.

The gross profit ("**GP**") of the property development business for the year ended 31 December 2023 amounted to approximately RMB97.3 million, representing a decrease of approximately 45% as compared to the corresponding period in 2022. It was mainly because the GP margin of Sunlight Mansion which contributed 81% of the total revenue of the Group was barely 6%. As a result of real estate policies on the housing price implemented by certain provincial governments of the People's Republic of China from time to time, the overall GP margin dropped significantly as compared to the corresponding period in 2022.

### *Equipment Manufacturing Business*

This segment recorded a revenue of approximately RMB84.0 million for the year ended 31 December 2023 which represented a decrease of approximately 33% as compared to the corresponding period in 2022. This was mainly due to completion of a few major projects secured in prior years. Following the completion of these projects, there were no significant orders received from the same customers or new customers.

This in turn resulted in an increase of approximately 21% in GP to approximately RMB23.7 million for the year ended 31 December 2023, as compared to the corresponding period in 2022. The GP margin for equipment manufacturing business was improved from 24% to 28%, mainly due to a favorable product mix, enhanced cost control measures, and a reduction in material costs incurred during production.

### *Other Income*

Other income decreased by approximately 58% for the year ended 31 December 2023 as compared to the corresponding period in 2022, 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 RMB11.8 million for the year ended 31 December 2023, represented a decrease of approximately 52% as compared to the corresponding period in 2022. This was mainly due to less promotional and marketing activities for property projects launched for the year ended 31 December 2023.

### *Administrative Expenses*

Administrative expenses for the year ended 31 December 2023 was approximately RMB67.6 million, which was approximately 36% lower than the corresponding period in 2022. It was mainly due to decrease in salaries, office, travelling and entertainment expenses as a result of effective cost control measures implemented within the Group as compared with the corresponding period in 2022.

### *Other Operating Expenses*

Other operating expenses for the year ended 31 December 2023 was approximately RMB59.3 million, which was approximately RMB49.6 million more than corresponding period in 2023. It was mainly due to an allowance for impairment loss was made on completed properties held for sale of approximately RMB50.5 million during the year ended 31 December 2023.

### *Net Finance Costs*

Net finance costs was reported for the year ended 31 December 2023 at approximately RMB20.1 million, representing a decrease of approximately 17% as compared to the corresponding period in 2022, which was mainly due to a decrease in interest rates for the loans and borrowings during the year ended 31 December 2023.

### *Taxation*

The income tax expense was increased by approximately RMB37.3 million for the year ended 31 December 2023 was mainly due to a decrease in provision of corporate income tax by approximately RMB20.2 million as a result of decrease in profit of the group companies during the year ended 31 December 2023 and decrease in deferred tax expense of approximately RMB13.7 million. These were offset by significant increase in provision of land appreciation tax by approximately RMB71.2 million as a result of tax refund of land appreciation tax of completed property projects for the year ended 31 December 2022.

### Review of Financial Position

The significant decrease in development properties and prepaid cost of approximately RMB1,342.3 million was mainly due to the properties handed over for Sunlight Mansion and Weiye Lanting Bay and an allowance for impairment loss was made on the completed properties held for sale of approximately by RMB50.5 million during the year ended 31 December 2023.

The decrease in trade and other payables of approximately RMB187.3 million was mainly due to the settlement of construction work for Weiye Shangcheng Sanhaoyuan, Weiye Lanting Bay and Yuejiangwan projects.

The decrease in contract liabilities of approximately RMB1,479.9 million was mainly due to the reversal of contract liabilities caused by sales recognition from certain projects, in particular Sunlight Mansion and Weiye Lanting Bay, during the year ended 31 December 2023.

Loans and borrowings was keeping stable, as there is no new loan and most of the existing loans had been granted for renewal during the year ended 31 December 2023.

## FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2023, the Group's net current assets amounted to approximately RMB1,434.6 million, which represented an increase of approximately 10% as compared to the corresponding period in 2022, which was mainly due to decrease in contract liabilities, trade and other payable and current loans and borrowings of approximately RMB1,937.5 million, and partially offset by decrease in development properties and prepaid cost, cash and cash equivalents of approximately RMB1,688.7 million.

Our bank and other borrowings are denominated in Renminbi, Singapore Dollar (SGD) and Malaysia Ringgit (MYR). As at 31 December 2023, our total outstanding loans and borrowings amounted to approximately RMB810.2 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 2023, the net gearing ratio of the Group was approximately 43% (31 December 2022: 23%).

## 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 2023. 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 2023 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 2023, there were 277 employees (2022: 294) in the Group.

Total employee benefits expenses of the Group (including Directors' fee) for the year ended 31 December 2023 were approximately RMB38.6 million (2022: RMB70.8 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 2023.

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2023, the Group disposed entire equity interest in Henan Yunzhi Security Technology Co., Ltd. at the consideration of approximately RMB2.76 million. Except for above, there was no other material acquisition and disposal of subsidiaries by the Group during the year ended 31 December 2023.

## 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 2023 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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the year ended 31 December 2023.

## COMPLIANCE WITH THE MODEL CODE

In compliance with Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 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 2023.

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 2023 (2022: 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 2023 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.

## EXTRACT OF INDEPENDENT AUDITOR'S OPINION

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2023.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("**IFRS Accounting Standards**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Material uncertainty related to going concern**

We draw attention to Note 2.3 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB95.6 million during the year ended 31 December 2023. This condition along with other matters set forth in Note 2.3, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the year ended 31 December 2023 and up to the date of this 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 2023 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, 27 March 2024

*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.*