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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 ON INVOLVEMENT OF SUBSIDIARIES IN LITIGATION**

Recently, Henan Xingwei Property Co., Ltd. (“**Henan Xingwei**”), Henan Weiye Construction Development Group Co., Ltd. (“**Henan Weiye**”) and Henan Xingwei Zhuolian Property Co., Ltd. (“**Zhuolian Property**”), which are wholly-owned subsidiaries of Weiye Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”), have received a Summons issued by Zhengzhou Intermediate People’s Court, Henan Province (the “**People’s Court**”) ((2022) Yu 01 Min Chu No. 872) ((2022)豫01民初872號).

According to the Summons and the accompanying civil complaint (the “**Civil Complaint**”), Henan Jinshui North District Development and Investment Co., Ltd.\* (河南金水北區建設投資有限公司) (the “**Plaintiff**”) claimed that it signed in total three loan agreements (the “**Loan Agreements**”) with the defendant Henan Xingwei on 29 January 2016, 20 November 2017 and 16 January 2020, respectively, and instituted a proceeding before the People’s Court for the disputes in relation to the Loan Agreements (the “**Plaintiff’s Litigation**”).

According to the Civil Complaint, the Plaintiff claimed that it was agreed under the Loan Agreements that Henan Xingwei would borrow from the Plaintiff loans in the aggregate amount of RMB960,000,000 to be used as the expenses in Henan Xingwei’s resettlement housing project, and the loans were not repaid by Henan Xingwei as agreed after maturity.

The Plaintiff has also obtained a property preservation order (the “**Preservation Order**”) from the court to freeze the bank deposits of Henan Xingwei, Henan Weiye and Zhuolian Property in the amount of RMB565,617,704.78 or to seize and detain other properties of equivalent value.

According to the Civil Complaint, the Plaintiff requested that (i) Henan Xingwei be ordered to repay the loan principal of RMB542,120,000 and overdue interest of RMB23,497,704.78 (accrued as of 23 July 2022, with overdue interest after 23 July 2022 to be accrued at an interest rate of 15.4% per annum until the actual repayment date based on the outstanding principal); (ii) Henan Weiye and Zhuolian Property be ordered to be jointly and severally liable for payment of the liabilities mentioned above; and (iii) Henan Xingwei, Henan Weiye and Zhuolian Property to bear the costs of litigation, preservation costs, preservation insurance premiums, etc.

The first court hearing of the litigation will be held on 12 October 2022. The Company and Henan Xingwei, Henan Weiye and Zhuolian Property deny that the above amount was a loan under the legal relationship of private lending and that amount in substance was a disguised repayment to Henan Weiye for the advanced costs of demolition and resettlement compensation, and construction of resettlement houses from the Plaintiff on behalf the People's Government of Jinshui District, Zhengzhou (the "**Government**"), given the failure of the Government and Zhengzhou Jinshui Science and Education Zone Management Committee\* (鄭州金水科教園區管理委員會) (the "**Management Committee**") to return such costs as agreed under the Management Committee's Agreements (as defined below).

On 27 October 2012, the Management Committee and Henan Weiye entered into the "Agreement on Merging Villages into Community Scheme of Zhengzhou City Jinshuiyangjin Industry Park District" (《鄭州市金水楊金產業園區合村併城項目協議書》) ("**Agreement I**") to agree that both parties shall jointly develop the town and village merger project in Xinzhuang Village, Jinshuiyangjin Industrial Park, District in Zhengzhou city (the "**Cooperation Project**"); in January 2013, the Management Committee, Henan Weiye and Henan Xingwei entered into the "Right and Obligation Transfer Agreement" (《權利義務轉讓協議》) to agree that all rights and obligations of Henan Weiye set out in Agreement I shall be transferred to Henan Xingwei; on 8 June 2013, the Management Committee and Henan Xingwei entered into the "Agreement on Merging Villages into Community Scheme of Zhengzhou City Jinshuiyangjin Industry Park District (《鄭州市金水楊金產業園區合村併城項目協議書》)"; on 9 May 2020, the Management Committee, Henan Weiye and Henan Xingwei also entered into the "Supplemental Agreement on Merging Villages into Community Scheme in Xinzhuang Village, Jinshui Science and Education Zone, Zhengzhou" (《鄭州金水科教園區新莊村合村併城項目補充協議書》) (the above agreements collectively referred to as the "**Management Committee's Agreements**").

As the severe breach of agreements by the Management Committee led to the inability to implement the Management Committee's Agreements and realise the objective of the agreements, on 18 October 2021, Henan Xingwei delivered a letter to the Management Committee to request an exit to the Cooperation Project and a comprehensive accounting on relevant costs of demolition, land acquisition, transition, development and construction of the project. On 26 October 2021, the Management Committee delivered a reply letter to Henan Xingwei to agree that Henan Xingwei may exit the Cooperation Project and asked for Henan Xingwei's cooperation in the liquidation of the project in compliance with laws and regulations.

In view of the prolonged non-performance of the liquidation obligation by the Management Committee, for the purpose of protecting the interests of the Company and all shareholders as a whole, on 23 September 2022, Henan Xingwei and Henan Weiye instituted a proceeding against the Management Committee and the People's Government of Jinshui District, Zhengzhou (the "**Second Defendant**") before the People's Court for an order to discharge the above agreements entered into by the parties and request the Second Defendant to repay the relevant costs advanced by Henan Xingwei and compensate for Henan Xingwei's losses.

Henan Xingwei, Henan Weiye and Zhuolian Property will make a meticulous reply to the litigation above and file a separate lawsuit. Further announcements will be made by the Company in due course in accordance with relevant regulations.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**WEIYE HOLDINGS LIMITED**  
**Zhang Wei**

*Executive Chairman and Chief Executive Officer*

Hong Kong, 27 September 2022

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

\* *For identification purpose only*