WEIYE HOLDINGS LIMITED
偉業控股有限公司*

(Singapore Company Registration Number: 198402850E)
(Incorporated in the Republic of Singapore with limited liability)

Hong Kong Stock Code: 1570

中期報告

2019 Interim Report

納新揚帆 拼搏奮進

*For identification purpose only

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Liu Ning
Dong Xincheng
Lam Ying Hung Andy

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

Shirley Tan Sey Liy (ACIS)
Man Yun Wah (HKICS)

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

REGISTERED OFFICE

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

AUDITORS

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

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

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

United Overseas Bank Ltd
80 Raffles Place
UOB Plaza
Singapore 048624

FINANCIAL HIGHLIGHTS

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

The Board (the "Board") of Directors (the "Directors") of Weiye Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2019, together with the comparative figures for the six months ended 30 June 2018.

Financial Highlights (Unaudited)

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Revenue	**184,403**	415,125
Gross profit	**109,882**	174,378
Profit before taxation	**22,154**	79,155
Profit attributable to owners of the Company	**13,436**	27,191
Earnings per share (RMB cents)	**6.85**	13.86

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Property Development		
Sales	**156,784**	388,076
Cost of sales	**(54,505)**	(223,870)
Gross profit	**102,279**	164,206
Gross Profit Margin	**65%**	42%
Equipment Manufacturing		
Sales	**27,619**	27,049
Cost of sales	**(20,016)**	(16,877)
Gross profit	**7,603**	10,172
Gross Profit Margin	**28%**	38%

Revenue and Gross Profit Margin ("GP Margin")

Property development business

Property development sales decreased by 60% to approximately RMB156.8 million in the first half of 2019 as compared with the corresponding period of 2018 due to lower net saleable floor area ("NSFA") handed over to customers during the period under review. Total NSFA handed over to customers for the current period amounted to approximately 10,512 sqm (2018: 54,633 sqm).

Revenue from property development sales was mainly from the following projects, namely Weiye Yehai Shangcheng (偉業椰海尚城), Weiye Shangcheng Erhaoyuan (偉業上城2號院), Weiye Tiandao International (偉業天道國際) and Tianhe Shui-an (天河水岸) and Weiye Oxygen Cube A and B (偉業氧立方A及B), which contributed approximately RMB46.0 million, RMB40.6 million, RMB33.7 million and RMB28.2 million respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (Continued)

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

Property development business (Continued)

The gross profit ("GP") margin of property development business for the first half year of 2019 was 65%, which was 23% higher than the same period of last year mainly due to higher sales of commercial offices from Weiye Tiandao International (偉業天道國際) and Weiye Yehai Shangcheng (偉業椰海尚城), as well as higher sales of car parks from Weiye Shangcheng Erhaoyuan (偉業上城2號院) during the current period, all of which contributed higher GP margin as compared to residential properties.

Equipment manufacturing business

The sales of manufacturing equipment comprised of clean room equipment ("CRE"), air purification equipment, Heating, Ventilation and Air Conditioning ("HVAC") equipment and marine damper products. The equipment manufacturing business continued to be adversely affected by the challenging property market condition in the People's Republic of China ("PRC"), which caused a substantial decline in the sales of air purification equipment, cushioned by an increase in the sales of HVAC equipment in the Asia Pacific region during the period under review. As a result, the overall revenue of the equipment segment increased marginally by 2% to RMB27.6 million for the first half of 2019 as compared to the same period of last year.

The GP margin for equipment manufacturing business for the first half year of 2019 was 28%, which was 10% lower than the corresponding period of last year mainly due to an increase in the labour and production cost in Malaysia, as well as a slowdown in the property market in Singapore that affected the profitability of the projects undertaken by the Group during the current period.

Selling and distribution expenses

Selling and distribution expenses for the first half of 2019 was 16% lower compared to the same period of last year mainly due to lower promotional expenses incurred during the period under review.

Administrative expenses

Administrative expenses for the first half of 2019 decreased by 7% as compared to the same period of last year mainly due to higher professional fee incurred last year as a result of the Group's delisting action from the Stock Exchange of Singapore in 2018.

Other operating income/(expenses)

The Group recorded a net other operating income for the first half of 2019 mainly due to a reversal of impairment loss on other receivables and contract assets of approximately RMB1.83 million. The net other operating expenses recorded for the corresponding period of last year was mainly due to an impairment loss on other investments of approximately RMB3.2 million.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

Net finance (costs)/income

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Interest expense	**(13,902)**	(9,445)
Interest on lease liabilities	**(130)**	–
Interest income	**6,438**	11,700
Net finance (costs)/income	**(7,594)**	2,255

Interest expense for the first half of 2019 was higher as compared to the same period of last year. It was mainly due to an increase in loans and borrowings during the period under review.

Interest income for the first half of 2019 was lower as compared to same period of last year which was mainly due to a decrease in interest income charged on loan to a third party during the current period as a result of the same being fully repaid at the end of 2018.

Taxation

The decrease in taxation for the first half of 2019 was mainly due to provision of corporate income tax of approximately RMB13.1 million as a result of lower net profit before tax generated from certain subsidiaries as well as lower provision of land appreciation tax of approximately RMB15.3 million caused by a decrease in sales of development properties during the current period.

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

Review of Financial Position

The increase in properties held for sale of approximately RMB467.6 million was mainly due to the capitalisation of land use rights cost of Xingwei and Plot No.3 (興偉三號地) and the progressive construction costs incurred on property development projects like Meiyuewan (美悅灣), Taihu Tiancui (太湖天萃), Yuejiangwan (悅江灣), Yuediwan (悅堤灣) in the period under review.

Contract costs relates to sales commission paid to property sales agents being capitalised of which the amount shall be matched and amortised against the corresponding sales so recognised in the future. During the current period, the contract costs increased by RMB17.1 million mainly due to capitalisation of sales commission paid for sales of Meiyuewan and Taihu Tiancui.

The decrease in trade and other receivables of approximately RMB102.7 million was mainly due to the capitalisation of deposit placed for land use rights cost of Xingwei Land Plot No.3 during the period under review.

The decrease in the contract assets by RMB108.6 million was mainly due to the partial collection receivables from the Henan provincial government in relation to the resettlement house construction project.

The decrease in other investment was due to the redemption of short-term financial instrument of approximately RMB11.0 million in the period under review.

The decrease in trade and other payables of approximately RMB404.8 million was mainly due to repayment of trade payables in the period under review.

The increase in contract liabilities by RMB795.1 million was mainly due to advance receipts for the presale of development properties such as Taihu Tiancui (太湖天萃), Yuejiangwan (悅江灣), Yuediwan (悅堤灣) and Meiyuewan (美悅灣) in the current period.

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

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

Review of Cash Flows

Cash flows from operating activities before changes in working capital amounted to approximately RMB33.4 million. Cash generated from working capital amounted to approximately RMB123.5 million mainly due to increase in contract liabilities of approximately RMB795.1 million, decrease in trade and other receivables of approximately RMB102.6 million and contract assets of approximately RMB110.5 million, partly offset by increase in development properties of approximately RM467.6 million, trade and other payables of approximately RMB404.8 million and increase in contract costs of approximately RMB17.1 million. After changes in working capital and payment for income tax of approximately RMB170.5 million, net cash used in operating activities amounted to approximately RMB13.6 million.

Net cash generated from investing activities amounted to approximately RMB16.7 million mainly due to proceeds from disposal of other investments of approximately RMB41.3 million, interest received of approximately RMB6.4 million and proceeds from disposal of investment properties of approximately RMB1.1 million, partly offset by purchase of property, plant and equipment of approximately RMB2.1 million and purchase of other investments of approximately RMB30 million.

Net cash generated from financing activities amounted to approximately RMB226.6 million mainly due to proceeds from loans and borrowings of approximately RMB730.8 million and increase in restricted cash of approximately RMB9.3 million, partly offset by repayment of loans and borrowings of approximately RMB496.6 million and interest payment of approximately RMB13.9 million.

PROSPECTS

In the first half of 2019, there was huge downward pressure on the economy of the PRC as a result of the Sino-American trade war and the gradually weakened economic drivers, namely export, investment and consumption. The looming macroeconomic conditions of the property market were equally complicated and uncertain. In pursuing stability and sustainability in its policies, the China Central Government, by adhering to the positioning of "houses are for living, not for speculating", continued to carry out city-differentiated regulation.

The control objective in stabilising land price, housing price and market expectation in the China real estate industry is not expected to change in the second half of 2019. Under such current condition, the Group will expedite completion and marketing of its existing projects in order to reduce stock holding and ensure healthy cash flow. Furthermore, the Group will, through innovative and diversified joint development models, strengthen its project acquisition effort in the Yangtze River Delta and Pearl River Delta regions, especially on government supported industrial real estate projects so as to accumulate good land banks at reasonable cost for future stable growth.

DISCLOSURE OF INTERESTS

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

As at 30 June 2019, the interests or short positions of each Director and Chief Executive of the Company in the shares, underlying shares or debentures of the Company or its any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of the Company (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Capacity/ Nature of interest	Number and class of securities	Approximate percentage of interest
Zhang Wei	Beneficial Interest	91,029,648 (L)*	46.41%
		75,529,548 (S)**	38.51%
	Controlled corporation (Note)	15,792,290 (L)*	8.05%
Chen Zhiyong	Beneficial Interest	40,240,256 (L)*	20.52%
		24,240,256 (S)**	12.36%

Note:

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

(L)*: denotes Long position

(S)**: denotes Short position

Save as disclosed above, as at 30 June 2019, none of the Directors or Chief Executive Officer of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS

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

As at 30 June 2019, the persons or entities who have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

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

(L)*: denotes Long position

Save as disclosed above, as at 30 June 2019, the Directors were not aware of any other persons (who was not a Director or the Chief Executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, there were 497 (2018: 415) employees in the Group. Total employee benefits expenses of the Group (including Directors' fee) for the six months period ended 30 June 2019 were approximately RMB44.1 million (2018: RMB39.2 million). Staff remuneration packages are determined based on each employee's qualifications, experience, position and seniority. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and Group's results of operations.

SIGNIFICANT INVESTMENTS HELD

Except for investment in subsidiaries and joint venture, the Group did not hold any significant investment in equity interest in any other company during the six months ended 30 June 2019.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this report, there was no material acquisition and disposal of subsidiaries by the Group during the six months ended 30 June 2019.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this interim report, there was no material acquisition and disposal of subsidiaries by the Group during the six months ended 30 June 2019.

GEARING RATIO

Gearing ratio is our net debt divided by total equity attributable to owners of the Company. Net debt includes interest-bearing bank and other borrowings and finance lease liabilities, less cash and cash equivalents. As at 30 June 2019, our Group had gearing ratio of 81% compared to that of 81% as at 31 December 2018. Details of the gearing ratio are set out in Note 19 to the financial statements.

FOREIGN EXCHANGE EXPOSURE

Our Group's property development, housing construction, and clean room equipment and air diffusion businesses are principally conducted in RMB and SGD, which are the functional currencies of the respective subsidiaries of our Group. Most of our Group's monetary assets and liabilities are denominated in RMB and SGD. Accordingly, our Directors consider our Group's exposure to foreign currency risk is not significant. Our Group does not employ any financial instruments for hedging purposes.

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in Note 18 to the financial statements, which included guarantees granted to financial institutions on behalf of purchasers of property units.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE CAPITAL

Details of the Company's issued share capital during the period are set out in Note 13 to the interim report. There were no movements in the Company's issued share capital during the period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence to the Company and the Company's accountability. The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules for its corporate governance practices during the period under review. In the opinion of the Board, save for the deviation as disclosed below, the Company had complied with the applicable code provisions as set out in the CG Code throughout the six months ended 30 June 2019.

CODE PROVISION A.2.1

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. Zhang Wei currently performs duties of both chairman and CEO. The Board believes that vesting the roles of both chairman and CEO has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient strategic planning for the Group.

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

There was no purchase, redemption or sale of listed securities of the Company in the six months ended 30 June 2019.

COMPETITION AND CONFLICT OF INTERESTS

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

The Audit Committee of the Company comprises three Independent Non-Executive Directors as at the date of this report, namely:

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

The Audit Committee has reviewed the Group's unaudited interim report for the six months ended 30 June 2019.

CHANGES OF INFORMATION OF DIRECTORS

Save as disclosed in this interim report, there is no change in Directors' information that is required to be disclosed in accordance with Rule 13.51B(1) of the Listing Rules since the publication of the annual report for the year ended 31 December 2018 of the Company and up to the date of this interim report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors confirmed that they had complied with all relevant requirements as set out in the Model Code during the six months ended 30 June 2019.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The consolidated results of the Group for the six months ended 30 June 2019 have not been audited or reviewed by the auditors of the Company.

By order of the Board
Weiye Holdings Limited

Zhang Wei
Executive Chairman and Chief Executive Officer
Hong Kong, 30 August 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Revenue	4	**184,403**	415,125
Cost of sales		**(74,521)**	(240,747)
Gross profit		**109,882**	174,378
Other income	5	**4,182**	2,730
Selling and distribution expenses		**(18,416)**	(21,833)
Administrative expenses		**(67,435)**	(72,196)
Other operating income/(expenses)		**1,535**	(6,179)
Results from operations		**29,748**	76,900
Net finance (costs)/income	6	**(7,594)**	2,255
Profit before taxation		**22,154**	79,155
Income tax expense	7	**(14,101)**	(49,967)
Profit for the period	8	**8,053**	29,188
Profit attributable to:			
Owners of the Company		**13,436**	27,191
Non-controlling interests		**(5,383)**	1,997
Profit for the period		**8,053**	29,188
Other comprehensive (loss)/income			
Foreign currency translation differences			
– foreign operations		**(1,084)**	4,472
Total other comprehensive (loss)/income for the period, net of tax		**(1,084)**	4,472
Total comprehensive income for the period		**6,969**	33,660
Total comprehensive income attributable to:			
Owners of the Company		**12,352**	31,663
Non-controlling interests		**(5,383)**	1,997
		6,969	33,660

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2019 RMB'000 (unaudited)**	31 December 2018 RMB'000 (audited)
Non-current assets			
Investment properties		**466,000**	467,059
Property, plant and equipment	9	**53,457**	54,535
Intangible assets		**574**	676
Right-of-use assets	22	**30,472**	–
Joint ventures		**403,144**	403,144
Trade and other receivables		**99,160**	99,160
Deferred tax assets		**29,331**	29,489
		1,082,138	1,054,063
Current assets			
Development properties		**3,820,917**	3,353,320
Inventories		**24,846**	29,653
Contract costs	21	**56,498**	39,357
Trade and other receivables	10	**675,292**	778,003
Contract assets	21	**658,208**	766,825
Prepaid tax		**195,406**	57,594
Other investments		**983**	12,079
Cash and cash equivalents		**1,054,728**	832,984
		6,486,878	5,869,815

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Current liabilities			
Trade and other payables	11	**1,182,794**	1,587,625
Contract liabilities	21	**1,812,243**	1,017,136
Loans and borrowings	12	**1,717,739**	1,618,361
Lease liabilities		**7,178**	–
Income tax payable		**242,640**	247,105
		4,962,594	4,470,227
Net current assets		**1,524,284**	1,399,588
Non-current liabilities			
Loans and borrowings	12	**556,347**	420,196
Lease liabilities		**23,926**	–
Deferred tax liabilities		**270,047**	284,322
		850,320	704,518
Net assets		**1,756,102**	1,749,133
Equity			
Share capital	13	**359,700**	359,700
Reserves		**1,139,339**	1,126,987
Equity attributable to owners of the Company		**1,499,039**	1,486,687
Non-controlling interests		**257,063**	262,446
Total equity		**1,756,102**	1,749,133

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2019 **RMB'000** **(unaudited)**	2018 RMB'000 (unaudited)
Cash flows generated from operations	**156,921**	146,116
Income tax paid	**(170,495)**	(108,830)
Net cash flows (used in)/generated from operating activities	**(13,574)**	37,286
Cash flows from investing activities:		
Purchase of property, plant and equipment	**(2,114)**	(1,282)
Proceeds from disposal of property, plant and equipment	**18**	–
Interest received	**6,438**	15,521
Acquisition of intangible assets	**–**	(1,410)
Purchases of other investments	**(30,000)**	–
Proceeds from disposal of other investments	**41,273**	3,000
Proceeds from disposal of investment properties	**1,075**	–
Repayment from joint venture partner	**–**	71,473
Net cash flows generated from investing activities	**16,690**	87,302
Cash flows from financing activities:		
Amount due to non-controlling interests (non-trade)	**–**	(67,167)
Decrease/(increase) in restricted cash	**9,326**	(172,453)
Repayment of finance leases obligations	**(28)**	(101)
Repayment of principal portion of lease payments	**(2,999)**	–
Interest paid	**(13,902)**	(43,492)
Repayment of loans and borrowings	**(496,627)**	(344,400)
Proceeds from loans and borrowings	**730,797**	575,705
Net cash flows generated from/(used in) financing activities	**226,567**	(51,908)
Net increase in cash and cash equivalents	**229,683**	72,680
Cash and cash equivalents at the beginning of financial period	**529,153**	654,052
Effects of exchange rate fluctuations on cash held	**1,727**	(332)
Cash and cash equivalents in consolidated cash flow statement	**760,563**	726,400
Additional information:		
Cash and cash equivalents	**1,054,728**	1,049,332
Less: restricted cash	**(291,406)**	(318,599)
Less: Bank overdraft	**(2,759)**	(4,333)
Total cash and cash equivalents in consolidated cash flow statement	**760,563**	726,400

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital RMB'000	Merger reserve RMB'000	Capital reserves RMB'000	Foreign currency translation reserve RMB'000	Statutory reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
1 January 2018	359,700	(59,669)	(550)	(17,205)	98,826	942,976	1,324,078	200,628	1,524,706
Adjustment on initial application of IFRS 9 (net of tax)	–	–	–	–	–	(2,343)	(2,343)	(135)	(2,478)
At 1 January 2018, as restated	359,700	(59,669)	(550)	(17,205)	98,826	940,633	1,321,735	200,493	1,522,228
Total comprehensive income for the period									
Profit for the period	–	–	–	–	–	27,191	27,191	1,997	29,188
Other comprehensive income									
Foreign currency translation differences – foreign operations	–	–	–	4,472	–	–	4,472	–	4,472
Total other comprehensive income	–	–	–	4,472	–	–	4,472	–	4,472
Total comprehensive income for the period	–	–	–	4,472	–	27,191	31,663	1,997	33,660
Contributions by and distributions to owners									
Transfer to statutory reserves	–	–	–	–	5,481	(5,481)	–	–	–
Total contributions by and distributions to owners	–	–	–	–	5,481	(5,481)	–	–	–
Total transactions with owners	–	–	–	–	5,481	(5,481)	–	–	–
At 30 June 2018	359,700	(59,669)	(550)	(12,733)	104,307	962,343	1,353,398	202,490	1,555,888

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital RMB'000	Merger reserve RMB'000	Capital reserves RMB'000	Foreign currency translation reserve RMB'000	Statutory reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2019	359,700	(59,669)	(550)	(18,631)	119,063	1,086,774	1,486,687	262,446	1,749,133
Total comprehensive income for the period									
Profit for the period	–	–	–	–	–	13,436	13,436	(5,383)	8,053
Other comprehensive income									
Foreign currency translation differences – foreign operations	–	–	–	(1,084)	–	–	(1,084)	–	(1,084)
Total other comprehensive income	–	–	–	(1,084)	–	–	(1,084)	–	(1,084)
Total comprehensive income for the period	–	–	–	(1,084)	–	13,436	12,352	(5,383)	6,969
Contributions by and distributions to owners									
Transfer to statutory reserves	–	–	–	–	6,005	(6,005)	–	–	–
Total contributions by and distributions to owners	–	–	–	–	6,005	(6,005)	–	–	–
Total transactions with owners	–	–	–	–	6,005	(6,005)	–	–	–
At 30 June 2019	359,700	(59,669)	(550)	(19,715)	125,068	1,094,205	1,499,039	257,063	1,756,102

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Weiye Holdings Limited is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 100H Pasir Panjang Road, #01-01, OC@Pasir Panjang, Singapore 118524. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK") since 6 April 2016.

The principal activities of the Group are those property developments for residential and commercial properties in the People's Republic of China ("PRC"), and the manufacturing and trading of air-conditioning and clean room equipment.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

This interim financial report has been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, (the "Listing Rules") including compliance with International Accounting Standard (IAS) 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 30 August 2019.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES

The IASB has issued a new IFRS, IFRS 16, *Leases*, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, *Leases*, none of the amendments have a material effect on how the Group's financial performance or financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, *Leases*

IFRS 16 replaces IAS 17, *Leases*, and the related interpretations, IFRIC 4, *Determining whether an arrangement contains a lease*, SIC 15, *Operating leases – incentives*, and SIC 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES (Continued)

Summary of new accounting policies

As a result of the adoption of IFRS 16, the new accounting policies of the Group which have been applied from the date of initial application are set out below:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, estimated costs to be incurred by the lessee in restoring the underlying asset to the condition required by the terms and conditions of the lease, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments included fixed payments (including in-substance fixed payments).

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification (i.e. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed payments).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to short-term leases of assets (i.e. those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered as low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES (Continued)

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for office premises, warehouses and residentials. As a lessee, the Group previously classified these leases as operating leases. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and short-term leases (elected by class of underlying assets). The Group has elected not to recognise right-to-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of twelve months or less. Accordingly, the Group recognises the lease payments in relation to lease liability are allocated into a principal and an interest portion which are presented as financing cash flows in the unaudited condensed consolidated statement of cash flows by the Group.

Impacts on transition

In accordance with the transitional provision under IFRS 16, the Group applied the simplified transition approach on 1 January 2019. Lease liabilities were recognised at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. All right-to-use assets were measured at the amount of lease liabilities on adoption (adjusted for any prepaid or accrued lease expenses, if any).

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application.

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

	RMB'000
Assets	
Increase in right-of-use assets	
Properties	7,934
Liabilities	
Increase in lease liabilities	
Non-current portion	(3,389)
Current portion	(4,545)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES (Continued)

Impacts on transition (Continued)

The discount rate applied to the lease liabilities on 1 January 2019 ranging from 3% to 6.18%. The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	8,380
Discounted operating lease commitments, lease liabilities recognised as at 1 January 2019	7,934

Amounts recognised in unaudited condensed consolidated financial statements

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

	Right-of-use assets RMB'000	**Lease liabilities** RMB'000
At 1 January 2019	7,934	7,934
Additions	26,039	26,039
Depreciation (Note 8)	(3,501)	–
Interest expense (Note 6)	–	130
Lease payments	–	(2,999)
At 30 June 2019	30,472	31,104
Analysed for the reporting purpose as:		
Non-current	30,472	23,926
Current	–	7,178
	30,472	31,104

Save as disclosed above, the application of the 2019 new IFRSs had no material effect on the financial performance or financial position for the current or prior accounting periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION

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

I. Property development

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

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

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

The Group's Executive Chairman (Chief Operating Decision Maker) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss 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.

There are no inter-segment sales within the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

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

	Unaudited six months ended					
	Property Development		Equipment Manufacturing		Total	
	2019	2018	**2019**	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue from external customers	**156,784**	388,076	**27,619**	27,049	**184,403**	415,125
Segments results	**37,824**	85,811	**(8,076)**	(8,911)	**29,748**	76,900
Finance income	**6,207**	11,700	**231**	–	**6,438**	11,700
Finance costs	**(9,701)**	(6,010)	**(4,331)**	(3,435)	**(14,032)**	(9,445)
Profit before income tax					**22,154**	79,155
Taxation					**(14,101)**	(49,967)
Non-controlling interests					**5,383**	(1,997)
Profit attributable to owners of the Company					**13,436**	27,191
Segment assets	**7,472,649**	6,598,903	**96,367**	121,127	**7,569,016**	6,720,030
Segment liabilities	**3,508,601**	2,906,741	**30,227**	32,703	**3,538,828**	2,939,444
Loans and borrowings	**2,039,050**	2,001,200	**235,036**	223,938	**2,274,086**	2,225,138
Total liabilities					**5,812,914**	5,164,582
Other segment information						
Depreciation of property, plant and equipment	**2,588**	1,880	**483**	1,148	**3,071**	3,028
Depreciation of right-of-use assets	**2,335**	–	**1,166**	–	**3,501**	–
Amortisation of intangible assets	**102**	79	**–**	263	**102**	342

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

Geographical segment

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

The following table presents revenue and certain non-current assets information regarding the Group's geographical segments as at and for the six months ended 30 June 2019 and 2018.

Geographical segments

	PRC RMB'000 (unaudited)	**Singapore** RMB'000 (unaudited)	**Other Countries** RMB'000 (unaudited)	**Total** RMB'000 (unaudited)
30 June 2019				
Revenue	**157,040**	**27,363**	**–**	**184,403**
Non-current assets*	**1,030,213**	**2,364**	**20,230**	**1,052,807**
30 June 2018				
Revenue	391,836	23,289	–	415,125
Non-current assets*	1,076,569	2,136	18,383	1,097,088

* Excluding deferred tax assets

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER INCOME

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Rental income	**1,901**	2,498
Gain on disposal of quoted equity investment	**13**	–
Gain on disposal of property, plant and equipment	**48**	32
Gain on disposal of investment properties	**16**	–
Exchange gain	**406**	–
Net change in fair value on other investments	**164**	–
Others	**1,634**	200
	4,182	2,730

6. NET FINANCE (COSTS)/INCOME

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expense	**(13,902)**	(9,445)
Interest on lease liabilities	**(130)**	–
Interest income	**6,438**	11,700
Net finance (costs)/income	**(7,594)**	2,255

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. TAXATION

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax expense		
– Current period	**(22,072)**	(35,128)
	(22,072)	(35,128)
Deferred tax expense		
– Origination and reversal of temporary differences	**(1,673)**	(425)
– Withholding tax on the profits of the Group's PRC subsidiaries	**–**	(8,754)
	(1,673)	(9,179)
Land appreciation tax credit/(expense)		
– Land appreciation tax	**9,644**	(5,660)
	9,644	(5,660)
Taxation	**(14,101)**	(49,967)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. TAXATION (Continued)

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

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. PROFIT BEFORE TAXATION FOR THE PERIOD

Profit before taxation for the period has been arrived at after charging/(crediting) the following:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**3,071**	3,028
Depreciation of right-of-use assets	**3,501**	–
Amortisation of intangible assets	**102**	342
Property, plant and equipment written off	**179**	318
Impairment loss on other investments	**–**	3,222
Impairment loss on (reversed)/made on trade and other receivables and contract assets	**(1,830)**	1,986

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB2.1 million (2018: RMB1.3 million) on the acquisition of property, plant and equipment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. TRADE AND OTHER RECEIVABLES

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

Impairment loss

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

	Gross carrying amount 30 June 2019 RMB'000 (unaudited)	**Impairment loss allowance 30 June 2019 RMB'000 (unaudited)**	Gross carrying amount 31 December 2018 RMB'000 (audited)	Impairment loss allowance 31 December 2018 RMB'000 (audited)
Current (not past due)	**15,025**	**(54)**	23,229	(20)
Past due 1–30 days	**2,872**	**(26)**	3,760	(50)
Past due 31–60 days	**3,231**	**(50)**	2,075	(45)
Past due 61–90 days	**1,438**	**(42)**	1,394	(60)
Past due more than 90 days	**6,475**	**(515)**	8,402	(1,237)
	29,041	**(687)**	38,860	(1,412)

Trade receivables that are not past due

As at 30 June 2019, included in the trade receivables attributed to the Group's development property operations are amounts of RMB9,140,000 and RMB2,768,000 (2018: RMB14,140,000 and RMB5,841,000) arising from instalment sales and sales pending release of financing by banks, respectively.

The trade receivables arising from instalment sales are due between periods ranging from three months to twelve months from the reporting date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. TRADE AND OTHER RECEIVABLES (Continued)

Impairment loss (Continued)

Trade receivables that are past due

As at 30 June 2019, the Group had trade receivables amounting to RMB13,383,000 (2018: RMB14,239,000) which were past due. Included in these trade receivables are amounts of RMB11,117,000 and RMB2,266,000 (2018: RMB10,108,000 and RMB4,131,000) attributed primarily to the clean room and air diffusion products operations, and development properties operations, respectively.

11. TRADE AND OTHER PAYABLES

Trade payables primarily comprise construction costs payable to third parties.

Ageing profile

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

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Not past due	**244,205**	443,648
Past due 1–30 days	**1,362**	2,054
Past due 31–60 days	**895**	522
Past due 61–90 days	**76,952**	70,159
Past due more than 90 days	**18,538**	23,438
	341,952	539,821

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. LOANS AND BORROWINGS

	As at 30 June 2019			As at 31 December 2018		
	Secured RMB'000 (unaudited)	**Unsecured RMB'000 (unaudited)**	**Total RMB'000 (unaudited)**	Secured RMB'000 (audited)	Unsecured RMB'000 (audited)	Total RMB'000 (audited)
Amount repayable						
– in one year or less or on demand	**1,717,487**	**252**	**1,717,739**	1,618,117	244	1,618,361
– after one year	**556,002**	**345**	**556,347**	419,815	381	420,196
Total	**2,273,489**	**597**	**2,274,086**	2,037,932	625	2,038,557

Details of any collateral

The bank borrowings for the Group include banker's acceptance, finance lease liabilities, bank overdrafts and bank loans of its subsidiaries. The bank borrowings, excluding finance lease liabilities, are secured by:

(i) Legal mortgage of the assets of subsidiaries, property development units and investment properties;

(ii) Legal mortgage of the property, plant and equipment;

(iii) Corporate guarantee from the Company; and

(iv) Guarantee from third party.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. SHARE CAPITAL

	Share Capital RMB'000	No of shares issued '000
Issued and fully paid:		
As at 1 January and 30 June 2019	**359,700**	**196,133**

The holders of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares of the Company carry one vote per share without restrictions.

There were no treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

14. DIVIDEND

The Board did not declare or recommend interim dividend for the six months ended 30 June 2019 or 30 June 2018.

15. EARNINGS PER SHARE

	Six months ended 30 June	
	2019 (unaudited)	2018 (unaudited)
Profit attributable to owners of the Company (RMB'000)	**13,436**	27,191
Weighted average number of ordinary shares in issue (in thousands)	**196,133**	196,133
Earning per ordinary share:		
(i) Based on weighted average number of ordinary shares in issue (RMB cents)	**6.85**	13.86
(ii) On a fully diluted basis (RMB cents)	**6.85**	13.86

Diluted earnings per ordinary share is calculated on the same basis as basic earnings per ordinary share as there were no potential dilutive ordinary shares as at 30 June 2019 and 30 June 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. NET ASSET VALUE

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

	30 June 2019 (unaudited)	31 December 2018 (audited)
Net assets attributable to owners of the Company (RMB'000)	**1,499,039**	1,486,687
Number of ordinary shares (in thousands)	**196,133**	196,133
Net asset value per ordinary share based on issued share capital of the issuer at the end of the financial year (RMB)	**7.64**	7.58

17. CAPITAL COMMITMENT

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

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Development expenditures authorised and contracted for	**1,103,832**	621,610

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. CONTINGENT LIABILITIES

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

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Guarantees granted to financial institutions on behalf of purchasers of property units	**1,643,432**	1,868,212

The Group arranges with various domestic banks in the PRC to provide loan and mortgage facilities to purchasers of its properties prior to the transfer of land title deeds. In line with the consumer banking practices in the PRC, these banks require the Group to provide guarantees in respect of these loans including the principal, interest and other incidental costs. The Group is required to maintain certain amounts of cash in designated bank accounts which are pledged to the banks. If a purchaser defaults on a loan, the relevant mortgagee bank is entitled to deduct the amount repayable from the restricted cash account.

These guarantees provided by the Group to the banks would be released by the banks upon the receipt of the building ownership certificate of the respective properties by the bank from the customers when it is issued by the relevant authorities.

19. GEARING RATIO

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Loans and borrowings	**2,274,086**	2,038,557
Less: Cash and cash equivalents	**(1,054,728)**	(832,984)
Net debt	**1,219,358**	1,205,573
Equity attributable to owners of the Company	**1,499,039**	1,486,687
Gearing ratio	**81%**	81%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE OPTIONS

As at 30 June 2019, Company does not have any employee share option scheme.

21. CONTRACT BALANCES

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

	30 Jun 2019 RMB'000 (unaudited)	31 Dec 2018 RMB'000 (audited)
Trade receivables	**28,354**	37,448
Contract costs	**56,498**	39,357
Contract assets	**658,208**	766,825
Contract liabilities	**(1,812,243)**	(1,017,136)

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

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

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

Success-based sales commissions

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22. RIGHT-OF-USE ASSETS

As discussed in Note 3, the Group has initially applied IFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. In addition, the depreciated carrying amount of the finance leased assets which were previously included in other property, plant and equipment is also identified as right-of-use assets. Further details on the net book value of the Group's right-of-use assets by class of underlying asset are set out in Note 3.

During the six months ended 30 June 2019, the Group entered into a lease agreement for use of office, and therefore recognised the additions to right-of-use assets of RMB26,039,000.

23. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Group considered the directors of the Company and those of its subsidiaries as key management personnel.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

Key management personnel compensation (Continued)

	30 June 2019 RMB'000 (unaudited)	30 June 2018 RMB'000 (unaudited)
Directors' fees		
– directors of the company	**330**	468
Salaries, representing total compensation to key management personnel	**2,381**	2,341
PRC statutory welfare fund	**71**	35
CPF and the defined contributions	**84**	84
	2,866	2,928
Comprises amount paid/payables to:		
– directors of the company	**2,187**	2,274
– other key management personnel	**679**	654
	2,866	2,928